

Board Meeting

Thursday, October 18, 2018

10:00 a.m.



**AGENDA
REGULAR SESSION**

Thursday, October 18, 2018 - 10:00 a.m.
Two DeKorte Park Plaza, Lyndhurst, NJ

I. **APPROVAL OF MINUTES** - (Action)

- Approval of Regular Session Meeting Minutes of September 20, 2018.

II. **PUBLIC PARTICIPATION ON RESOLUTIONS**

III. **APPROVALS** – (Action)

Cash Disbursements Approval and/or Ratification of Cash Disbursements over \$100,000 for September 2018.

Resolution 2018-37 Consideration of a Resolution Approving New Jersey Sports and Exposition Authority 2018 Series State Contract Bonds, Twenty-First Supplemental State Contract.

Resolution 2018-38 Consideration of a Resolution Issuing a Recommendation on the Variance Application of Terreno/Xpedited Services – Fence/Variance File No. 17-214.

Resolution 2018-39 Consideration of a Resolution Issuing a Recommendation on the Variance Application of SEI Carlstadt – New Building and Variances File No. 17-281.

Resolution 2018-40 Consideration of a Resolution Accepting the 2017 Audit Report.

Resolution 2018-41 Consideration of a Resolution Adopting the 2018 New Jersey Sports and Exposition Authority Budget.

Resolution 2018-42 Consideration of a Resolution Authorizing the President and CEO to Establish a Municipal Drone Program.

IV. **AWARDS/CONTRACTS**

Resolution 2018-43 Consideration of a Resolution Authorizing the President and CEO to Enter into a Contract for Emergency Repair of the Façade of the NJSEA Administration Building.

V. **PUBLIC PARTICIPATION**

VI. **EXECUTIVE SESSION**

Resolution 2018-44 Consideration of a Resolution authorizing the New Jersey Sports and Exposition Authority to conduct a meeting, to which the general public shall not be admitted for the purposes of discussing legal matters, personnel matters and contract negotiations.

VII. **PUBLIC PARTICIPATION ON RESOLUTIONS**

VIII. **APPROVALS**

Resolution 2018-45 Consideration of a Resolution Regarding Whether the Request Filed by Objector, Towers Associates, Ltd., to Appeal the Variance Recommendation for NJSEA File No. 17-239 MEPT Lincoln Crossing, LLC/Lincoln Gateway-New Bldg./ Variance (Township of North Bergen and Town of Secaucus) Should be Granted.

Resolution 2018-46 Consideration of a Resolution Regarding File No. 17-239 MEPT Lincoln Crossing, LLC/Lincoln Gateway-New Bldg./Variance (Township of North Bergen and Town of Secaucus)*

**Please note that consideration of this resolution shall be subject to the Board of Commissioner's decision on Resolution 2018-45*

IX. **MOTION TO ADJOURN**

***TO VIEW THE FULL BOARD BOOK, PLEASE VISIT OUR WEBSITE AT:
<http://www.njsea.com/njmc/about/commission-meetings.html>***

PLEASE CONTACT THE NJSEA OFFICE (201-460-1700) PRIOR TO MEETING IF
SPECIAL REQUIREMENTS ARE NEEDED UNDER ADA

MINUTES



REGULAR SESSION BOARD MEETING

DATE: September 20, 2018
TIME: 10:00 a.m.
PLACE: 2 DeKorte Park Plaza - Lyndhurst, NJ
RE: **REGULAR SESSION MEETING MINUTES**

Roll Call - Chairman Ballantyne noted Commissioner Ferguson and Michael Griffin, Treasury representative are participating via phone.

Members in Attendance:

John Ballantyne, Chairman
Joseph Buckelew, Vice Chairman
Vincent Prieto, President and CEO
Robert J. Dowd, Member
Michael Ferguson, Member (via phone)
Armando Fontoura, Member
Michael H. Gluck, Esq., Member
Michael Griffin, NJ State Treasurer's Representative (via phone)
Steven Plofker, Member
Andrew Scala, Member
Anthony Scardino, Member
Robert Yudin, Member

Absent:

Michael Gonnelli, Member
George Kolber, Member

Also Attending:

Frank Leanza, Vice President/ Chief of Legal and Regulatory Affairs
Christine Sanz, Vice President/COO
Adam Levy, Vice President of Legal & Regulatory Affairs
John Duffy, Sr. Vice President of Sports Complex operations and facilities
John Yarenis, Director of Finance/CFO
Sara Sundell, Director of Land Use Management and Chief Engineer
Steven Cattuna, Chief of Staff
Wayne Hasenbalg
Brian Wilton, Assistant Counsel, Governor's Authorities Unit
Christine Ferrante, Executive Assistant/Paralegal

Chairman Ballantyne called the meeting to order.

Chairman Ballantyne stated that the New Jersey Sports and Exposition Authority gave notice of the time, place, and date of this meeting by providing such notice to the Secretary of State for the State of New Jersey, The Star-Ledger, The Record, and other newspapers and by posting the notice at the offices of the Authority.

Chairman Ballantyne explained that Ralph Marra is no longer with the Authority and wanted to take the opportunity on behalf of the board to thank him for his dedication to the Authority and for helping make the American Dream project become a reality. Chairman Ballantyne then welcomed Frank Leanza as the new Senior Vice President/Chief of Legal and Regulatory Affairs. Chairman Ballantyne explained that Mr. Leanza is an attorney and also an engineer who has served in many capacities throughout northern New Jersey. Chairman Ballantyne also noted that Mr. Leanza has extensive knowledge of land use matters.

Chairman Ballantyne explained that action may be taken after the Executive Session and that there would be an opportunity for public comment on those matters when the board returns to open session.

I. APPROVAL OF MINUTES

Chairman Ballantyne presented the minutes of the Regular Session Board Meeting held on July 19, 2018.

Upon motion made by President Prieto and seconded by Commissioner Plofker, the minutes of the Regular Session Board Meeting held on July 19, 2018 were unanimously approved.

II. SPECIAL PRESENTATION – Mobile Food Lab, Dr. Angela Cristini, Director of the Meadowlands Environment Center

Chairman Ballantyne acknowledged Peter Mercer, President of Ramapo College in the audience. Chairman Ballantyne stated that during President Mercer's tenure at Ramapo, the College has been increasingly regarded as a superior institution. Ramapo College has been ranked by U.S. News and World Report as among the "Best Regional Universities in the North," and by Kiplinger's Personal Finance Magazine as one of the "100 Best Values in Public Colleges." In addition, in 2017, College Choice ranked Ramapo College as the number one public college in New Jersey.

Chairman Ballantyne introduced Dr. Angela Cristini, Director of the Meadowlands Environment Center. Chairman Ballantyne explained that she will be talking about the very colorful bus parked in front of the Science Center's and welcomed everyone to tour the bus after the meeting. The Chairman explained that the Mobile Food Lab is the latest resource in the MEC's innovative environmental education programming for students in Grades K-12. Chairman Ballantyne indicated that during Dr. Cristini's tenure as Director of the Meadowlands Environment Center over the past 15 years, she and her team's incredible hard work has grown the program from about 1,500 students in 2003 to more than 20,000 students who now participate in programs every year. The Chairman went on to say that the classes include ecology, chemistry, biology, food science, physics, natural history and astronomy. Chairman Ballantyne explained that the MEC is run by Ramapo College of New Jersey through a partnership with the NJSEA. The Chairman was pleased to announce that a resolution will be consideration on our agenda today that would extend the NJSEA's partnership with Ramapo College for the next three years.

Dr. Angela Cristini gave a presentation of the Mobile Food Lab. Dr. Cristini explained that the Mobile Food Lab is an exciting multi-sensory educational experience on wheels led by professional educators in science, art and cooking that teaches children in grades K-8 where food comes from, how it nourishes and impacts us, and how it shapes our world. Dr. Cristini explained that the classroom on wheels will travel to school districts throughout the region that may otherwise not have the opportunity to participate.

Dr. Cristini went on to say that the Mobile Food Lab is funded in part by a grant from the New Jersey State Health Department's Special Child Health and Autism Registry. The Meadowlands Environment Center received funding for the Lab program through REED Next, an initiative of the Oakland-based REED Foundation for Autism. Dr. Cristini explained the Mobile Food Lab will also support jobs for adults with autism.

III. PUBLIC PARTICIPATING ON RESOLUTIONS -

- Dr. Peter Mercer, President of Ramapo College - Spoke after the adoption of Resolution 2018-30 and thanked the board for extending the MOU between Ramapo College and the NJSEA. Dr. Mercer stated that the program will allow educators to go out and reach more students than they have in the past. Dr. Mercer also stated that during the past 15 years the program has educated 300,000 New Jersey students.

IV. APPROVALS

- Approval of Cash Disbursements Over \$100,000 and Professional Invoices

Chairman Ballantyne presented the report of cash disbursements over \$100,000 and Professional Invoices for the months of July and August 2018.

Upon motion by Commissioner Plofker and seconded by Commissioner Fontoura, the cash disbursements over \$100,000 for the months of July and August 2018 were unanimously approved.

Resolution 2018-30 Resolution Electing the Secretary and Appointing an Assistant Secretary of the NJSEA.

Chairman Ballantyne read Resolution 2018-30 electing Vincent Prieto, President and Chief Executive Officer as Secretary and appointing Christine Sanz, Vice President/Chief Executive Officer as Assistant Secretary of the Authority.

Upon motion made by Chairman Ballantyne and seconded by Commissioner Scala Resolution 2018-30 was unanimously approved by a vote of 12-0.

Resolution 2018-31 Resolution Authorizing the Extension of the Current Memorandum of Understanding with Ramapo College to Run through December 31, 2021.

Ms. Sanz was happy to present the resolution extending the MOU with Ramapo College to 2021 for the operation of the Environment Center. Ms. Sanz explained that the program has been ongoing since 2003 and has been instrumental in

providing environmental education to all ages and is also critical to the Authority's mission. Ms. Sanz stated that the resolution is also for additional funding for program - an increase of \$50,000 in 2019 to raise the amount to \$550,000 and an additional increase of \$50,000 in 2020 for a total increase to \$600,000, which will remain through 2021.

Commissioner Yudin asked if the increases would be covered by Authority income or funding from the State. Ms. Sanz explained that an evaluation was done by our CFO and are confident that the funds will be covered by our existing budget and not by the State. Vice Chairman Buckelew asked about previous funding. Ms. Sanz explained that the former Meadowlands Commission funding the program for well over \$2 million. In 2015 the agency requested Ramapo go down to \$500,000. Ms. Sanz noted that Ramapo has been very creative in maintaining and enhancing the programs. Commissioner asked if the programs are available to everyone. Ms. Sanz explained that the programs are open to everyone in the state.

Upon motion made by Commissioner Dowd and seconded by Commissioner Yudin Resolution 2018-31 was unanimously approved by a vote of 12-0.

Resolution 2018-32 Resolution Issuing a Decision on the Suitability Recommendation as Required by the *NJSEA Interim Policies Governing Affordable Housing Development in the Meadowlands District* – File No. 18-332, SOF/Hartz/Hampton Inn & Suites – New Building – Block 227, Lot 7.29 in Secaucus.

Ms. Sundell explained that Hartz submitted a zoning certificate application proposing the construction of a 168-room hotel on Block 227, Lot 7.29, within Harmon Meadow Plaza in Secaucus and that the subject property is located in the District's Regional Commercial zone and is irregularly-shaped, containing parking garages, private access roadways and walkways. Ms. Sundell further explained that the 0.8-acre vacant portion of Lot 7.29 that is available for development is too small to provide sufficient buffers required between the adjacent offices and hotels and a residential use. She stated that the area is also limited with respect to its ability to provide sufficient parking for residents and guests. Ms. Sundell indicated that surrounding properties consist of multistory offices, hotels, parking garages, and commercial uses, which result in heavily-trafficked roadways not conducive to residential development. She stated that for these reasons, Staff is recommending that this property be deemed unsuitable for residential use.

Upon motion made by Vice Chairman Buckelew and seconded by Commissioner Gluck Resolution 2018-32 was approved by a vote of 11-0 with President Prieto recused.

Resolution 2018-33 Resolution Issuing a Decision on the Special Exception Application Submitted as part of File No. 18-108 Secaucus Housing Authority/Verizon-Antenna (Special Exception) Block 98, Lot 11.02 in Secaucus.

Ms Sundell explained that Verizon Wireless and the Secaucus Housing Authority submitted an application for the installation of a rooftop-mounted wireless telecommunication facility on the roof of a 5-story multi-family residential building

located at 700 County Avenue, which is owned by the Secaucus Housing Authority and located in the District's Neighborhood Commercial zone. She also explained that the applicant requested a special exception as part of its zoning certificate application, as public utility uses, light are listed as a special exception use in the Neighborhood Commercial zone. Ms. Sundell indicated that a public hearing was held on June 12, 2018, and there were no comments from any members of the public.

She also indicated that the proposed telecommunication facility will alleviate the existing deficiency in cellular service in the area, thereby enhancing emergency 911 cellular services and promoting the welfare and convenience of the public. She explained that the proposed antennas will be neutral in color and will be mounted on the roof of the existing 5-story building and will not be noticeable from the public rights-of-way or surrounding residential, commercial, industrial and institutional uses. Ms. Sundell also indicated that the antennas will not be visible from the adjacent 14-story residential building to the south, which is also owned by the Secaucus Housing Authority, as its exterior wall facing the antennas is windowless. Ms. Sundell stated that for these reasons and those stated in the recommendation; Staff is recommending the approval of this bulk variance.

Upon motion made by Vice Chairman Buckelew and seconded by Commissioner Scala Resolution 2018-33 was unanimously approved by a vote of 12-0.

Resolution 2018-34 Resolution Issuing a Decision on Variance Application Submitted as Part of File No. 18-139 PSE&G/49th Street Pothead Rack – New Bldg, Fence & Variance (Phase 2) – Block 442, Lot 5 in North Bergen.

Ms. Sundell explained that PSE&G submitted an application to upgrade an existing unmanned electric substation as part of its 49th Street Pothead Rack 230kV Phase 2 Project. The existing electric substation is located along Westside Avenue within a PSE&G utility right-of-way and the property is deemed to be within the Light Industrial A zone pursuant to NJSEA regulations. She also explained that the proposed substation improvements include a new control building, generator, transformers, mechanical switches, and lighting. To improve the reliability of PSE&G's electric transmission service, the proposed equipment will be raised a minimum of one foot above FEMA's 100-year base flood elevation. Ms. Sundell indicated that the applicant has requested a bulk variance to construct concrete support structures with a minimum setback of 19.3 feet from the westerly property line, whereas the Light Industrial A zone regulations require a minimum rear yard setback of 75 feet. She also indicated that the long, narrow property has a depth of only 150 feet, which results in a buildable footprint that is only 25 feet wide. The property is located within an industrial area and is bordered by an undeveloped marshland to the west. Ms. Sundell explained that there are no residences in the area.

Ms. Sundell stated that the placement of the proposed transformers and their concrete supports is constrained by the location of the existing substation equipment, as well as clearances required by the regulatory requirements of the National Electric Safety Code. There are four existing masonry structures on the site that are set back 8.7 feet from the rear lot line, so the proposed concrete support structures set back 19.3 feet from the same lot line will not increase the current degree of nonconformity on the site.

Ms. Sundell explained that he proposed improvements will promote the general welfare through the enhanced resiliency of the electricity network. Ms. Sundell stated that for these reasons and those stated in the report; Staff is recommending the approval of this bulk variance.

Upon motion made by Commissioner Gluck and seconded by Commissioner Scardino Resolution 2018-34 was unanimously approved by a vote of 12-0.

V. PUBLIC COMMENTS

- James Harris, President of NJ Association of Black Educators spoke about his concerns with the diversity of students invited to and who are participating in the Ramapo school programs. Mr. Harris stated that they will be looking into who is participating in these programs. Mr. Harris expressed his concerns with the diversity of the NJSEA board members. He hopes that the Governor will appoint qualified African Americans and females to the board. Mr. Harris also spoke about a meeting he had with Triple 5 and how they were receptive to his comments. Mr. Harris indicated that he will continue to carefully look at who will be participating on the job site. He will also be spreading the word about the job opportunities there. Mr. Harris spoke about his concerns with transportation possibilities in getting people from urban areas to the project site.

Chairman Ballantyne thanked Mr. Harris for his comments and stated that they have similar mindset with regards to workforce and leadership diversity in New Jersey. The Chairman noted that with regards to Ramapo College, the College is interested in making sure that the Mobile Food Lab reaches students from all over including urban areas. The Chairman also noted that President Prieto is the first Latino President/CEO of the NJSEA.

Commissioner Fontoura wanted to reassure Mr. Harris that Essex County continues to be vigilant with job opportunities. Commissioner Fontoura noted that the Governor is committed to diversity.

President Prieto recognized that we need to do better and will. President Prieto stated that he is looking forward to meeting with Mr. Harris on these issues.

- Jeffrey Dye, President Passaic Chapter NAACP and North Jersey Local Residence Workforce – Mr. Dye seconded Mr. Harris' comments. Mr. Dye also spoke about the CAT program, which is a sports program for the youth in Passaic County. Mr. Dye explained that in the past, game tickets were extended to the children in this program and hopes this will continue.

Chairman Ballantyne noted that the American Dream project has 29.2% women and minority performing at the job site, which surpasses the goal of 22% minority participation. The Chairman stated that we are proud of accomplishments of the building trades, the Governor's office and the Board in helping facilitate and making this a reality. Chairman Ballantyne went on to say how the project has become the model of what to do with community outreach and fulfilling minority participation on the project site.

- Paulette Ramsey, Borough Councilwomen of Franklin Lakes and representing the DeKorte family. Ms. Ramsey thanked Wayne Hasenbalg and welcomed Vincent Prieto. Ms. Ramsey congratulated everyone on the wonderful job they are doing at the NJSEA. Ms. Ramsey recalled being here for the groundbreaking of the building.

Commissioner Scardino thanked Ms. Ramsey and took the opportunity to remember Cliff Goldman, the first Executive Director of the Hackensack Meadowlands Development Commission.

VI. EXECUTIVE SESSION

Chairman Ballantyne stated a need for the Board to enter into Executive Session to discuss contractual matters, personnel matters and litigation matters.

Chairman Ballantyne indicated that a matter may be considered following the executive session.

Resolution 2018-35 Resolution authorizing the NJSEA to enter into a meeting to which the general public shall not be admitted to discuss legal matters, personnel matters and contract negotiations.

Upon motion made by Commissioner Yudin and seconded by Commissioner Scardino Resolution 2018-35 was approved by a vote of 12-0.

Returned to open session at 11:02 a.m.

It was noted that Commissioner Ferguson was not present after Executive Session.

VII. PUBLIC PARTICIPATION ON PROPOSED RESOLUTION - None

VIII. APPROVAL

Resolution 2018-36 Resolution Authorizing the Filing of a Request for a 45-Day Extension of Time to Issue a Final Agency Decision.

Chairman Ballantyne indicated that the resolution is a request for a 45-day extension of time to issue a final agency decision in regards to the Scannell property. The Chairman noted that both parties have agreed to the third extension. Chairman Ballantyne stated that the resolution is available to anyone who is interested. There were no comments from the public on the resolution.

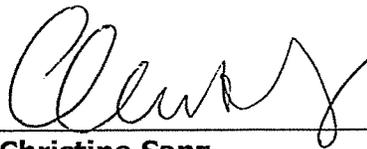
Upon motion made by Commissioner Scardino and seconded by Commissioner Plofker Resolution 2018-36 was unanimously approved by a vote of 11-0.

IX. MOTION TO ADJOURN

With no further business, motion to adjourn the meeting was made by Commissioner Scala and second by Commissioner President Prieto with all in favor.

Meeting adjourned at 11:05 a.m.

I certify that on information and belief this is a true and accurate transcript of the Minutes of the Regular Session of the New Jersey Sports and Exposition Authority Board Meeting held on September 20, 2018.



Christine Sanz
Assistant Secretary

September 20, 2018

Commissioner	Roll Call	2018-30	2018-31	2018-32	2018-33	2018-34	2018-35	2018-36
Ballantyne, Chairman	P	Y	Y	Y	Y	Y	Y	Y
Buckelew, Vice Chairman	P	Y	Y	Y	Y	Y	Y	Y
Prieto	P	Y	Y	R	Y	Y	Y	Y
Dowd	P	Y	Y	Y	Y	Y	Y	Y
Ferguson	P (via phone)	Y	Y	Y	Y	Y	Y	-
Fontoura	P	Y	Y	Y	Y	Y	Y	Y
Gluck	P	Y	Y	Y	Y	Y	Y	Y
Gonnelli	--	--	--	--	--	--	--	--
Kolber	--	--	--	--	--	--	--	--
Plofker	P	Y	Y	Y	Y	Y	Y	Y
Scala	P	Y	Y	Y	Y	Y	Y	Y
Scardino	P	Y	Y	Y	Y	Y	Y	Y
Yudin	P	Y	Y	Y	Y	Y	Y	Y
Treasury Rep Griffin	P (via phone)	Y	Y	Y	Y	Y	Y	Y

P - Present A - Abstain
 -- Absent R = Recuse
 Y = Affirmative N = Negative

APPROVALS



CASH DISBURSEMENTS
\$100,000 OR MORE
SEPTEMBER 2018

EAST RUTHERFORD - SPORTS COMPLEX

<u>PAYEE</u>	<u>\$ AMOUNT</u>	<u>REFERENCE LETTER</u>	<u>ACCOUNT DESCRIPTION</u>
ABM JANITORIAL SERVICES	109,185.71	A	JANITORIAL SERVICES: 2017 - 2018
NRG BUSINESS SOLUTIONS	454,752.13	A/L	ELECTRICITY CHARGES: AUG 2018
PUBLIC SERVICE ELECTRIC & GAS	146,244.16	J/L	ELECTRIC TRANSMISSION: AUG 2018
<hr/>			
EAST RUTHERFORD - SC TOTAL	<u>710,182.00</u>		

MONMOUTH PARK RACETRACK

<u>PAYEE</u>	<u>\$ AMOUNT</u>	<u>REFERENCE LETTER</u>	<u>ACCOUNT DESCRIPTION</u>
BOROUGH OF OCEANPORT	214,895.17	A	CAFO SPECIAL ASSESSMENT AGREEMENT: 4TH QUARTER 2018
<hr/>			
MP RACETRACK TOTAL	<u>214,895.17</u>		

LYNDHURST

<u>PAYEE</u>	<u>\$ AMOUNT</u>	<u>REFERENCE LETTER</u>	<u>ACCOUNT DESCRIPTION</u>
BOROUGH OF EAST RUTHERFORD	132,517.58	I	2016-2017 TAX SHARING AND TREE GRANT
JERSEY CITY, CITY OF	594,119.10	I	2016-2017 TAX SHARING
KEARNY, TOWN OF	2,218,161.60	I	2016-2017 TAX SHARING, 2018 HOST COMMUNITY BENEFIT, AND TREE GRANT
NORTH ARLINGTON, BOROUGH OF	590,350.65	I	2016-2017 TAX SHARING AND 2018 HOST COMMUNITY BENEFIT
RIDGEFIELD, BOROUGH OF	456,031.57	I	TAX SHARING: CY 2016 - 2017
RUTHERFORD, BOROUGH OF	119,921.49	I	2016-2017 TAX SHARING AND TREE GRANT
SECAUCUS, TOWN OF	336,899.06	I	2018 PILOT AND FUNDING OF MEADOWLANDS PARKWAY GREENWAY & BIKE PATH
WASTE MANAGEMENT OF NEW JERSEY	464,724.32	A	OPERATIONS CONTRACT - KEEGAN LANDFILL: AUG 2018
<hr/>			
LYNDHURST TOTAL	<u>4,912,725.37</u>		



CASH DISBURSEMENTS
\$100,000 OR MORE

<u>REFERENCE LETTER</u>	<u>TYPE</u>
A	CONTRACT ON FILE
B	PURCHASE AWARDS - APPROVED AT MONTHLY BOARD MEETING
C	STATE REQUIREMENT FOR RACING
D	STATE VENDOR
E	SOLE SOURCE*
F	APPOINTED BY RACING COMMISSION
G	ADVERTISED BID
H	PRESIDENT/CEO APPROVAL
I	STATUTORY PAYMENT
J	UTILITIES
K	LOWEST PROPOSAL
L	REIMBURSABLE
M	OUTSTANDING PROFESSIONAL INVOICES APPROVED AT MONTHLY BOARD MEETING
N	PURCHASES ON BASIS OF EXIGENCY
*	PURCHASES DIRECT FROM SOURCE
	EXPENDITURE TO BE CHARGED TO MAINTENANCE RESERVE FUND

RESOLUTION 2018-37

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

**Not exceeding \$125,000,000
STATE CONTRACT BONDS, 2018 SERIES**

TWENTY-FIRST SUPPLEMENTAL STATE CONTRACT BOND RESOLUTION

Adopted October 18, 2018

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

TWENTY-FIRST SUPPLEMENTAL STATE CONTRACT BOND RESOLUTION

Adopted October 18, 2018

BE IT RESOLVED by the Members of the New Jersey Sports and Exposition Authority as follows:

ARTICLE I
AUTHORITY AND DEFINITIONS

SECTION 101. Supplemental Resolution. This Twenty-First Supplemental State Contract Bond Resolution (the "Twenty-First Supplemental Resolution") is supplemental to the State Contract Bond Resolution adopted by the Authority on February 26, 1992 (the "Resolution").

SECTION 102. Authority for this Twenty-First Supplemental Resolution. This Twenty-First Supplemental Resolution is adopted (i) pursuant to the provisions of the Act and (ii) in accordance with Article II and Article X of the Resolution. Receipt is hereby acknowledged of the prior approval letter of the Treasurer approving the adoption by the Authority of this Twenty-First Supplemental Resolution as required by Section 1005 of the Resolution. Prior to the issuance of the 2018 Series Bonds authorized hereby, the Authority shall obtain prior approval letters of the Governor of the State of New Jersey (the "Governor"), the Treasurer, and the Director of the Division of Budget and Accounting of the State (or any two of such officials) approving the issuance of the 2018 Series Bonds as required by Section 202(1)(5) of the Resolution.

SECTION 103. Definitions. Capitalized terms used but not defined in this Twenty-First Supplemental Resolution shall have the meanings given to them in the Resolution.

In addition, in this Twenty-First Supplemental Resolution, the following terms shall have the meanings set forth below:

2003 Series A Bonds shall mean the Authority's Outstanding State Contract Bonds, 2003 Series A, issued under the Resolution.

2003 Series A Bonds to be Refunded shall mean all or such portion of the 2003 Series A Bonds to be refunded from a portion of the proceeds of the 2018 Series Bonds as shall be set forth in the Series Certificate.

2005 Series A Bonds shall mean the Authority's Outstanding State Contract Bonds, 2005 Series A, issued under the Resolution.

2005 Series A Bonds to be Refunded shall mean all or such portion of the 2005 Series A Bonds to be refunded from a portion of the proceeds of the 2018 Series Bonds as shall be set forth in the Series Certificate.

2007 Series A Bonds shall mean the Authority's Outstanding State Contract Bonds, 2007 Series A, issued under the Resolution.

2007 Series A Bonds to be Refunded shall mean all or such portion of the 2007 Series A Bonds to be refunded from a portion of the proceeds of the 2018 Series Bonds as shall be set forth in the Series Certificate.

2008 Series B Bonds shall mean the Authority's Outstanding State Contract Bonds, 2008 Series B, issued under the Resolution.

2008 Series B Bonds to be Refunded shall mean all or such portion of the 2008 Series B Bonds to be refunded from a portion of the proceeds of the 2018 Series Bonds as shall be set forth in the Series Certificate.

2018 Series Bonds shall mean the Authority's State Contract Refunding Bonds, 2018 Series, authorized to be issued pursuant to the Resolution and this Twenty-First Supplemental Resolution.

Act shall mean P.L. 1971, c. 137 of the Laws of 1971, as amended and supplemented.

Authorized Officer of the Authority shall have the meaning given to such term in the Resolution and shall also include the Chairman of the Board of Commissioners, the President and Chief Executive Officer, the Chief Operating Officer and the Director of Finance/Chief Financial Officer of the Authority.

Authorized State Representative shall mean the Treasurer or any State official authorized in writing by the Treasurer to act, and/or to give or receive notices or direction, on his or her behalf for purposes of this Twenty-First Supplemental Resolution, the Resolution, and/or the issuance and sale of the 2018 Series Bonds and/or the refunding of all or any portions of any or all maturities of the Bonds to be Refunded.

Bond Counsel shall mean M. Jeremy Ostow, Esq. or any other attorney or firm of attorneys selected from time to time by the Authority having recognized standing and expertise in the field of law relating to municipal finance and whose legal opinions are generally accepted by purchasers of municipal obligations.

Bonds to be Refunded shall mean the 2003 Series A Bonds to be Refunded, the 2005 Series A Bonds to be Refunded, the 2007 Series A Bonds to be Refunded and the 2008 Series B Bonds to be Refunded.

Chief Financial Officer shall mean the Director of Finance/Chief Financial Officer of the Authority.

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the 2018 Series Bonds.

Escrow Agreement shall mean the Escrow Deposit Agreement to be entered into by and between the Authority and the The Bank of New York Mellon, as Trustee for the Bonds to be

Refunded, as escrow agent, as authorized pursuant to Section 207(g) of this Twenty-First Supplemental Resolution.

Investment Securities shall have the meaning given to such term in Section 101 of the Resolution, as modified by Section 1201 of the Resolution.

Purchase Contract shall have the meaning set forth in Section 203 of this Twenty-First Supplemental Resolution.

Redemption Price shall mean, with respect to any 2018 Series Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Senior Managing Underwriter shall mean Siebert Cisneros Shank & Co., LLC, as senior managing underwriter for the 2018 Series Bonds.

Series Certificate shall mean the Series Certificate to be executed by an Authorized Officer of the Authority pursuant to Section 207 of this Twenty-First Supplemental Resolution.

State Attorney General means the Attorney General of the State.

State Contract shall have the meaning set forth in the Resolution.

Taxable Bonds means any Bonds which are not Tax-Exempt Bonds and the interest on which is includable in the gross income of the owners thereof for federal income tax purposes.

Tax-Exempt Bonds means any Bonds the interest on which is, in an unqualified opinion of Bond Counsel rendered simultaneously with the issuance and delivery of such Bonds, to be excludable from the gross income of the owners thereof for federal income tax purposes.

Treasurer shall mean the Treasurer of the State of New Jersey.

Underwriters shall mean the Senior Managing Underwriter and such additional underwriters for the 2018 Series Bonds as may be named in the Purchase Contract.

ARTICLE II AUTHORIZATION OF 2018 SERIES BONDS

SECTION 201. Designation, Series, Principal Amount and Payment Dates; Condition Precedent. Pursuant to the provisions of the Resolution, one or more series of Bonds entitled to the benefits, protection and security of such provisions are hereby authorized to be issued. The 2018 Series Bonds shall be issued as Tax-Exempt Bonds and/or Taxable Bonds, shall be designated as, and shall be distinguished from the Bonds of all other Series of Bonds by the title, "State Contract Bonds, 2018 Series ___" and shall be further distinguished by the designation of the letter of the Series, as such designation may be determined by an Authorized Officer of the Authority in the Series Certificate. The 2018 Series Bonds shall be issued in a combined aggregate principal amount not exceeding \$125,000,000. The 2018 Series Bonds shall be dated the date of issuance and delivery thereof, shall mature on such dates and in such principal amounts, shall bear interest from their date at such rates payable on such dates, shall have such redemption provisions and shall be issued as fixed rate bonds, all as shall be

determined by an Authorized Officer of the Authority by Series Certificate executed by any one such Authorized Officer of the Authority and approved in writing by the Treasurer; provided, however, that in no event shall (i) the true interest cost for the 2018 Series Bonds exceed five percent (5.00%) per annum, (ii) the final maturity date of the 2018 Series Bonds be later than September 1, 2026 or (iii) the Redemption Price for any 2018 Series Bond exceed one hundred three percent (103%) of the principal amount of such 2018 Series Bond; provided further that the Redemption Price of any 2018 Series Bond issued as a Taxable Bond and subject to optional redemption by the Authority pursuant to a "make-whole" provision may exceed one hundred three percent (103%) of the principal amount of such 2018 Series Bond if so determined by an Authorized Officer of the Authority in the Series Certificate.

SECTION 202. Purposes. The 2018 Series Bonds shall be issued for the purposes of (a) refunding the Bonds to be Refunded, and (b) paying the costs of issuance of the 2018 Series Bonds.

SECTION 203. Authorization of Negotiated Bond Sale; Appointment of Parties; Approval of Purchase Contract; Selection of Senior Managing Underwriter and Underwriters; Determination Under Executive Order No. 26.

(a) In accordance with Executive Order No. 26 (Whitman 1994) ("Executive Order No. 26"), the Authority hereby determines to sell the 2018 Series Bonds pursuant to a negotiated public offering and sale, and finds that a negotiated sale is permissible as a result of the complex financing structure, large issue size and volatile interest rate conditions. Upon recommendation of the Treasurer based upon the New Jersey Department of the Treasury's ("Treasury") competitive Request for Proposals ("RFP") process and in accordance with Executive Order No. 26, the Authority hereby appoints Siebert Cisneros Shank & Co., LLC as Senior Managing Underwriter in connection with the 2018 Series Bonds herein authorized and, upon recommendation of the Treasurer based upon Treasury's competitive RFP process and in accordance with Executive Order No. 26, an Authorized Officer of the Authority is hereby authorized to select additional co-senior managers and co-managers for the 2018 Series Bonds. All such appointment(s) shall be evidenced by the execution of the Purchase Contract.

(b) The purchase of the 2018 Series Bonds by the Underwriters and the sale of the 2018 Series Bonds by the Authority to the Underwriters shall be subject to the execution by the Authority and the Senior Managing Underwriter, as representative of the Underwriters, of a Bond Purchase Contract (the "Purchase Contract") in substantially the form presented to this meeting. The Purchase Contract, in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Officer of the Authority is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions to and deletions from such form as may be necessary or appropriate. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with Bond Counsel and the State Attorney General, to negotiate the terms of the Purchase Contract, to be dated the date of sale of the 2018 Series Bonds, between the Authority and the Senior Managing Underwriter, as representative of the Underwriters. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms of the Purchase Contract and to execute and deliver the Purchase Contract to the Senior Managing Underwriter, as representative of the Underwriters; provided, that the provisions of the Purchase Contract are acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and provided for that (i) the amount of the compensation to be paid to the Underwriters shall not exceed \$6.00 per \$1,000.00 of Bonds, and (ii) the aggregate principal amount, the final maturity date or dates, the stated interest rate

or rates and the Redemption Price of the 2018 Series Bonds shall not exceed the limitations set forth in Section 201 hereof.

SECTION 204. Approval of Preliminary Official Statement. A Preliminary Official Statement (the "Preliminary Official Statement") relating to the sale of the 2018 Series Bonds, in substantially the form presented to this meeting, is hereby approved, provided that that Appendix I (which is provided by the State) shall be included therein, and provided further that an Authorized Officer of the Authority is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions or deletions to and omissions from the form of the Preliminary Official Statement, as may be necessary or appropriate with respect to the 2018 Series Bonds. An Authorized Officer of the Authority is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to execute and deliver a certificate, or to include a provision in the Purchase Contract, that "deems final" the Preliminary Official Statement pursuant to the provisions of Rule 15c2-12, and such certificate or provision relating thereto shall be in a form acceptable to Bond Counsel and the State Attorney General.

SECTION 205. Authorization of Distribution of Preliminary Official Statement. The printing and distribution, via electronic medium, in addition to or in lieu of physical, printed medium, of the Preliminary Official Statement by an Authorized Officer of the Authority in connection with the sale of the 2018 Series Bonds is hereby authorized.

SECTION 206. Rule 15c2-12. A Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") relating to the sale of the 2018 Series Bonds in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Officer of the Authority is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from the form of the Continuing Disclosure Agreement as may be necessary or appropriate with respect to the 2018 Series Bonds. The Authorized Officers of the Authority are hereby authorized and directed, with the advice of the Bond Counsel and State Attorney General, to enter into and execute the Continuing Disclosure Agreement with the Trustee, as dissemination agent, relating to the 2018 Series Bonds and to execute such documents and instruments relating to continuing disclosure as may be necessary or desirable to enable brokers, dealers and municipal securities dealers to comply with Rule 15c2-12.

SECTION 207. Additional Proceedings. As additional proceedings of the Authority in connection with the sale and delivery of the 2018 Series Bonds hereby authorized, there is hereby delegated to the Authorized Officers of the Authority the power to take the following actions and make the following determinations as to the 2018 Series Bonds by a Series Certificate executed by any one such Authorized Officer of the Authority and approved in writing by the Treasurer:

(a) To determine, subject to the provisions of the Resolution and this Twenty-First Supplemental Resolution, whether the 2018 Series Bonds shall be issued as Tax-Exempt Bonds and/or Taxable Bonds, the appropriate Series designation(s), principal amounts, the interest rate or rates, the dated dates, the interest and principal payment and maturity dates, the denomination or denominations and the redemption provisions of the 2018 Series Bonds, and any other provisions necessary to comply with the Resolution or deemed necessary or advisable by such Authorized Officer of the Authority and which provisions are not in conflict with or in substitution for the provisions of the Resolution, this Twenty-First Supplemental Resolution or the Act; provided that the aggregate principal amount, the final maturity date or dates, the maximum true interest cost and the redemption price of such 2018 Series Bonds do not exceed the limitations set forth in Section 201 hereof.

(b) To acknowledge receipt of the prior approval letters of the Governor, the Treasurer, and the Director of the Division of Budget and Accounting of the State (or any two of such officials) as required by Sections 202(1)(5) and 1005 of the Resolution approving the issuance of the 2018 Series Bonds.

(c) To file with the Trustee a copy of this Twenty-First Supplemental Resolution, certified by an Authorized Officer of the Authority, along with an opinion of Bond Counsel, which filing and opinion are required by Section 1004 of the Resolution.

(d) To execute a final Official Statement of the Authority, dated the date of sale of the 2018 Series Bonds, substantially in the form of the Preliminary Official Statement, with such insertions, revisions, deletions and omissions as may be authorized by the Authorized Officer of the Authority executing the same, with the advice of Bond Counsel and the State Attorney General, and to deliver such final Official Statement to the Underwriters, in hard copy and/or electronic format, and to authorize the use of such final Official Statement and the information contained therein in connection with the offering and sale the 2018 Series Bonds.

(e) To determine the application of the proceeds of the 2018 Series Bonds for the purposes stated in Section 202 and pursuant to Section 211 of this Twenty-First Supplemental Resolution.

(f) To purchase one or more policies of municipal bond insurance with respect to any or all of the 2018 Series Bonds if an Authorized Officer of the Authority determines that such policy or policies of municipal bond insurance are necessary or desirable to achieve the economic objectives of the Authority, to include in the Series Certificate such provisions relating to the municipal bond insurance policy or policies as such Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General, deems appropriate and to include on the form of any 2018 Series Bond which is insured by a municipal bond insurance policy a statement of insurance in the form requested by the issuer of such municipal bond insurance policy. The cost of any such policy or policies of municipal bond insurance may be paid from the proceeds of the 2018 Series Bonds.

(g) To enter into the Escrow Agreement with the Trustee, as Escrow Agent, substantially in the form submitted to this meeting, with such changes, insertions and omissions as shall be approved by an Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General, to provide for the refunding of the Bonds to be Refunded.

(h) To purchase, or cause the Escrow Agent to purchase, United States Treasury Obligations, State and Local Government Series, with proceeds from any 2018 Series Bonds issued to refund the Bonds to be Refunded.

(i) To select and appoint a firm to serve as bidding agent, upon recommendation of the Treasurer based on Treasury's competitive RFP process, to solicit bids and to enter into or purchase Investment Securities with proceeds of the 2018 Series Bonds, in the event that such Authorized Officer of the Authority determines that it is necessary or advantageous to the Authority to invest any such proceeds in Investment Securities.

(j) If necessary or appropriate, to execute and deliver any agreement, including a forward float or other similar agreement, relating to the purchase of the Investment Securities for deposit in the Escrow Fund established under the Escrow Agreement.

(k) To authorize the electronic posting of the Official Statement on the State's website, upon the request of the Treasurer or her designee.

(l) In connection with any of the transactions authorized by this Twenty-First Supplemental Resolution, to make such amendments, modifications and revisions to this Twenty-First Supplemental Resolution prior to or simultaneously with the issuance of the 2018 Series Bonds as (i) may be requested by any Rating Agency in connection with obtaining a rating on the 2018 Series Bonds from such Rating Agency, (ii) may be requested by the issuer of any municipal bond insurance policy in connection with obtaining a municipal bond insurance policy for any of the 2018 Series Bonds or (iii) such Authorized Officer of the Authority may determine, in consultation with the State Attorney General and Bond Counsel, are necessary or advisable in order to (1) reflect the actual provisions of the Resolution that shall be applicable to the 2018 Series Bonds or (2) facilitate the issuance and sale of the 2018 Series Bonds; provided, however, that (A) the provisions of Section 201 hereof relating to the maximum aggregate principal amount, maximum true interest cost, final maturity date or dates and Redemption Price of the 2018 Series Bonds shall not be so amended, modified or revised, and (B) no such amendments, modifications or revisions shall be inconsistent with the provisions of the Resolution.

(m) To make such other determinations, to execute such other documents, instruments and papers and to do such acts and things as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, the 2018 Series Bonds, the refunding of the Bonds to be Refunded and all related actions authorized in this Twenty-First Supplemental Resolution, and are not inconsistent with the provisions of this Twenty-First Supplemental Resolution.

(n) To prepare, execute and submit an application for one or more ratings by the Rating Agencies for the 2018 Series Bonds, and to include in the Series Certificate such provisions relating to the rating(s) as an Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General, deems appropriate. The cost of any such rating(s) may be paid from the proceeds of the 2018 Series Bonds.

(o) To submit an excerpt of the minutes of the meeting of the Authority at which this Twenty-First Supplemental Resolution was adopted to the Governor as required pursuant to Section 4(i) of the Act, and to receive, on behalf of the Authority, an approval letter from the Governor, if delivered to the Authority, of said excerpt as it relates to all actions taken by the Authority in connection with the issuance and sale of the 2018 Series Bonds.

(p) To sell and/or issue the 2018 Series Bonds on one or more dates.

(q) To negotiate, execute, deliver and perform the Purchase Contract in connection with the negotiated sale of the 2018 Series Bonds.

All matters determined by an Authorized Officer of the Authority under the authority of this Twenty-First Supplemental Resolution shall constitute and be deemed matters incorporated into this Twenty-First Supplemental Resolution and approved by the Authority, and, whenever an Authorized Officer of the Authority is authorized or directed to take any action pursuant to this Twenty-First Supplemental Resolution with or upon the advice, consent or consultation with or by any other person, agency, office or official, a certificate of such Authorized Officer of the Authority may be relied upon as being determinative that such advice, consultation or consent

has in fact occurred and that such actions of the Authorized Officer of the Authority are valid and binding.

SECTION 208. Denomination, Numbers and Letters; Payment.

(a) The 2018 Series Bonds shall be issued in fully registered form in such denominations as shall be set forth in the Series Certificate. Unless the Authority shall otherwise direct, the 2018 Series Bonds shall be lettered and numbered from one upward preceded by the letter "R" prefixed to the number. Unless an Authorized Officer of the Authority shall otherwise direct, the 2018 Series Bonds shall be issued in Book-Entry Form. Subject to the provisions of the Resolution, the form of the 2018 Series Bonds and the Trustee's certificate of authentication therefor shall be substantially in the form set forth in Section 212 of this Twenty-First Supplemental Resolution.

(b) The 2018 Series Bonds shall be payable, with respect to principal and Redemption Price, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on the 2018 Series Bonds, unless otherwise provided, shall be payable by check or draft drawn on the Paying Agent.

SECTION 209. Redemption. The 2018 Series Bonds shall be subject to redemption prior to maturity as provided in the Series Certificate.

SECTION 210. Book-Entry Only System.

1. Except as provided in Subparagraph (3) of this Section 210, the registered Holder of all of the 2018 Series Bonds shall be, and the 2018 Series Bonds shall be registered in the name of, Cede & Co., as nominee of DTC. With respect to all 2018 Series Bonds for which Cede & Co. shall be the registered Holder, payment of semiannual interest on such 2018 Series Bonds shall be made by wire transfer to the account of Cede & Co. on the interest payment dates for the 2018 Series Bonds at the address indicated for Cede & Co. in the registration books of the Authority kept by the Trustee, as Bond Registrar.

2. The 2018 Series Bonds of each Series shall be initially issued in the form of a separate fully registered bond in the amount of each separate serial and/or term maturity. Upon initial issuance, the ownership of each such 2018 Series Bond shall be registered on the registration books of the Authority kept by the Trustee in the name of Cede & Co. With respect to 2018 Series Bonds so registered in the name of Cede & Co., the Authority and the Trustee shall have no responsibility or obligation to any DTC participant, indirect DTC participant, or any beneficial owner of the 2018 Series Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in the 2018 Series Bonds, (ii) the delivery to any DTC participant, indirect DTC participant, beneficial owner or any other person, other than DTC or Cede & Co., of any notice with respect to the 2018 Series Bonds, or (iii) the payment to any DTC participant, indirect DTC participant, beneficial owner or any other person, other than DTC or Cede & Co., of any amount with respect to the principal of, premium, if any, or interest on the 2018 Series Bonds. The Authority and the Trustee may treat DTC as, and deem DTC to be, the absolute registered Holder of each 2018 Series Bond for the purpose of (i) payment of the principal of and interest on each such 2018 Series Bond, (ii) giving notices with respect to the 2018 Series Bonds, (iii) registering transfers with respect to the 2018 Series Bonds and (iv) for all other purposes whatsoever. The Trustee shall pay the principal of and interest on the 2018 Series Bonds only to

or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal and interest to the extent of the sum or sums so paid. No person other than DTC shall receive a 2018 Series Bond evidencing the obligation of the Authority to make payments of principal and interest thereon pursuant to this Twenty-First Supplemental Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the words "Cede & Co." in this Twenty-First Supplemental Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the 2018 Series Bonds at any time by giving written notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of same to the Trustee.

(b) The Authority, (i) in its sole discretion and without the consent of any other person, may discontinue the use of the system of book-entry only transfers through DTC (or a successor Securities Depository) with respect to the 2018 Series Bonds, in which event 2018 Series Bond certificates are required to be printed and delivered to DTC, and (ii) shall terminate the services of DTC with respect to the 2018 Series Bonds upon receipt by the Authority and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding 2018 Series Bonds to the effect, that (A) DTC is unable to discharge its responsibilities with respect to the 2018 Series Bonds; or (B) a continuation of the requirement that all of the Outstanding 2018 Series Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the 2018 Series Bonds.

(c) Upon the termination of the services of DTC with respect to all or any portion of the 2018 Series Bonds pursuant to subsection 210(3)(b)(i) or 210(3)(b)(ii)(A) hereof, or upon the discontinuance or termination of the services of DTC with respect to all or any portion of the 2018 Series Bonds pursuant to subsection 210(3)(a) or 210(3)(b)(ii)(B) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the 2018 Series Bonds (or the applicable portion thereof) shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging such 2018 Series Bonds shall designate, in accordance with the provisions of the Resolution. Upon the determination by any party authorized herein that the 2018 Series Bonds (or any portion thereof) shall no longer be limited to book-entry only form, the Authority shall immediately advise the Trustee in writing of the procedures for transfer of such 2018 Series Bonds from such book-entry only form to a fully registered form.

4. Notwithstanding any other provision of this Twenty-First Supplemental Resolution to the contrary, so long as any 2018 Series Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on, and all notices with respect to, such 2018 Series Bond shall be made and given, respectively, to DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to DTC, with respect to the 2018 Series Bonds.

5. In connection with any notice or other communication to be provided to holders of the 2018 Series Bonds pursuant to the Resolution by the Authority or the Trustee with respect to any consent or other action to be taken by such Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date, to the extent possible.

6. The Authority hereby authorizes the Treasurer, by and on behalf of the Authority, and in consultation with an Authorized Officer of the Authority, to determine from time to time, subject to confirmation and ratification by the Authority, whether or not it is advisable for the Authority to continue the book-entry system or to replace DTC with another qualified securities depository as successor to DTC.

SECTION 211. Application of Proceeds of 2018 Series Bonds; Other Deposits to Escrow Fund Established under the Escrow Agreement.

(a) The proceeds from the sale of the 2018 Series Bonds shall be applied simultaneously with the delivery of the 2018 Series Bonds as follows:

(i) In the event the Authority purchases one or more municipal bond insurance policies with respect to any maturities of the 2018 Series Bonds, there shall be paid directly by the Senior Managing Underwriter to the issuer or issuers of such policy or policies such amounts as may be specified in the Series Certificate in payment of the premium or premiums for such policy or policies; and

(ii) There shall be deposited in the Projects Fund in a special account hereby established therein known as the 2018 Series Bonds Costs of Issuance Account, an amount of the proceeds of the 2018 Series Bonds as shall be specified in the Series Certificate, to be applied to pay costs of issuance of the 2018 Series Bonds; and

(iii) There shall be transferred to the Trustee, as escrow agent, to be held in the Escrow Fund established under the Escrow Agreement irrevocably in trust for and assigned to the Holders of the Bonds to be Refunded, an amount of the proceeds of the 2018 Series Bonds as shall be specified in the Series Certificate to be applied, together with other funds, if any, to the purchase of Investment Securities, as provided and as defined in the Escrow Agreement; provided that, unless otherwise provided in the Series Certificate, the proceeds of the 2018 Series Bonds so deposited shall be applied to pay the Redemption Price of and interest on the Bonds to Be Refunded prior to the application of other funds for such purpose, such that any excess amounts remaining in the Escrow Fund after the Redemption Price of and interest on the Bonds to Be Refunded have been paid in full will not be proceeds of the 2018 Series Bonds.

(b) If provided in the Series Certificate, the Trustee shall apply amounts on deposit in the Debt Service Account within the Debt Service Fund, if any, to any of the purposes set forth in Section 202 of this Twenty-First Supplemental Resolution, including, without limitation, for transfer to the Escrow Account established pursuant to the Escrow Agreement to be applied as provided therein.

SECTION. 212. Form of 2018 Series Bonds and Trustee's Certificate of Authentication. Subject to the provisions of the Resolution, the form of the 2018 Series Bonds and the Trustee's Certificate of Authentication therefor shall be of substantially the following tenor:

Unless this Certificate is presented by the authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of CEDE & Co., or any other name as requested by an authorized representative of The Depository Trust Company (and any payment is made to CEDE & Co., or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, CEDE & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF NEW JERSEY**

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

STATE CONTRACT BONDS, 2018 SERIES __

No. R-

Interest Rate %	Maturity Date	Dated Date	Authentication Date	CUSIP
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Registered Owner: CEDE & CO.

Principal Sum: Dollars

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY (the "Authority"), a public body corporate and politic and an instrumentality of the State of New Jersey created and existing under the laws of the State of New Jersey, acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of The Bank of New York Mellon, Woodland Park, New Jersey (such bank and any successors thereto being herein called the "Paying Agent"), the Principal Sum stated hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on March 1 and September 1 in each year, commencing March 1, 2019, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum at the Interest Rate by check or draft of the Trustee hereinafter mentioned mailed to such Registered Owner who shall appear as of the fifteenth day (or if such day shall not be a Business Day, the preceding Business Day) next preceding such interest payment date on the books of the Authority maintained by the Bond Registrar.

Upon the written request of any registered owner of at least \$1,000,000 in aggregate principal amount of 2018 Series Bonds, as such term is hereinafter defined, received by the Trustee or the Paying Agent on or prior to the thirteenth (13th) day preceding any date on which

interest or both principal and interest shall be payable on such 2018 Series Bonds in accordance with their terms, payment of the principal or redemption price of and interest on such 2018 Series Bonds shall be made by wire transfer of immediately available funds on such payment date to an account designated by such Registered Owner in such request.

This bond is one of a duly authorized series of bonds of the Authority designated "State Contract Bonds, 2018 Series ___" (herein called the "2018 Series Bonds") in the aggregate principal amount of \$_____, issued under and in full compliance with the Constitution and Statutes of the State of New Jersey, and particularly Chapter 137 of the Laws of New Jersey, 1971 as amended and supplemented (herein called the "Act"), and under and pursuant to a Resolution adopted by the Authority on February 26, 1992 entitled "State Contract Bond Resolution", as supplemented, including by the Twenty-First Supplemental Resolution adopted by the Authority on October 18, 2018, and a Series Certificate of the Authority dated the date of sale of the 2018 Series Bonds (collectively, the "Resolution").

As provided in the Resolution, the 2018 Series Bonds, and all other bonds issued under the Resolution on a parity with the 2018 Series Bonds (herein collectively called the "bonds") are special obligations of the Authority payable solely from and secured as to payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by the Pledged Property, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Pledged Property under the Resolution includes the State Contract, the Revenues and Funds, including Investment Securities held in any such Fund thereunder, together with all proceeds and revenues of the foregoing and all of the Authority's right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Resolution provided, however, that all amounts paid to the Authority from the Sports Authority Fund created under the Act are subject to and dependent upon appropriations being made from time to time by the New Jersey State Legislature. Copies of the Resolution are on file at the above mentioned office of the Trustee, and reference is hereby made to the Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holder of the bonds with respect thereto, the terms and conditions upon which the bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and for the other terms and provisions thereof. All covenants, agreements and obligations of the Authority under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specific securities shall have been deposited with the Trustee.

As provided in the Resolution, bonds may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds which may be issued under the Resolution is not limited, and all bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be

modified or amended by the Authority, with the written consent of the holders of at least a majority in principal amount of the bonds outstanding under the Resolution at the time such consent is given, and, in case less than all of the several series of bonds then outstanding are affected thereby, with such consent of at least a majority in principal amount of the bonds of each series so affected and outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any bonds of any specified like series bond remain outstanding under the Resolution, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding bonds. No such modification or amendment shall permit a change in the terms of redemption (including sinking fund installments) or maturity of the principal of any outstanding bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such bond, or shall reduce the percentages or otherwise affect the classes of bonds the consent of the holders of which is required to effect any such modification or amendments or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the above-mentioned office of the Trustee, as Bond Registrar, by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered bond or bonds in the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority, the Trustee and any Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

[INSERT REDEMPTION PROVISIONS]

The 2018 Series Bonds are payable upon redemption at the above-mentioned offices of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the registered owners of any 2018 Series Bonds or portions of 2018 Series Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the bonds and portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such bond or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the registered owner of any 2018 Series Bonds which are to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of 2018 Series Bonds.

The principal, premium, if any, and interest on the 2018 Series Bonds are payable solely from the Pledged Property (as defined in the Resolution) and neither the State of New Jersey nor any political subdivision thereof, other than the Authority, is obligated to pay the principal, premium, if any, or interest on this bond and the issue of which it is one and neither the faith and credit nor the taxing power of the State of New Jersey or any political subdivision thereof is

pledged to the payment of the principal of, premium, if any, or interest on this bond or the issue of which it is one.

The State of New Jersey shall have the right, upon furnishing the Authority with sufficient funds therefor, to require the Authority to redeem, pay, or cause to be paid, at or prior to maturity, in whole or in part, any bonds issued by the Authority under the Act; provided that such redemption or payment shall be made in accordance with the provisions of the Resolution.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NEW JERSEY SPORTS AND EXPOSITION AUTHORITY, has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman, Vice-Chairman, President and Chief Executive Officer or other Authorized Officer of the Authority, and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

[SEAL]

NEW JERSEY SPORTS AND
EXPOSITION AUTHORITY

By: _____

ATTEST:

Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the 2018 Series Bonds delivered pursuant to the within mentioned Resolution.

THE BANK OF NEW YORK MELLON,
Trustee,

By: _____
Authorized Officer

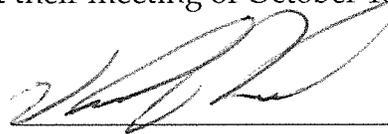
**ARTICLE III
MISCELLANEOUS**

SECTION 301. Registration or Qualification of Bonds Under Blue Sky Laws of Various Jurisdictions. The Authorized Officers of the Authority are authorized and directed on behalf of the Authority to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the 2018 Series Bonds for issue, offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State of New Jersey) and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the underwriters for such securities.

**ARTICLE IV
EFFECTIVE DATE**

SECTION 401. Effective Date. This Twenty-First Supplemental Resolution shall take effect upon its adoption in accordance with the Act.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
Secretary

RESOLUTION 2018-38

**RESOLUTION ISSUING A
DECISION ON THE VARIANCE APPLICATION
SUBMITTED AS PART OF FILE NO. 17-214
TERRENO/XPEDITED SERVICES - FENCE/VARIANCE
BLOCK 121, LOT 1.03, IN THE BOROUGH OF CARLSTADT**

WHEREAS, an application for one bulk variance has been filed with the New Jersey Sports & Exposition Authority (NJSEA) by Xpeditied Services for the premises located at 248 Paterson Plank Road, identified as Block 121, Lot 1.03, in the Borough of Carlstadt, New Jersey; and

WHEREAS, the premises is located in the Hackensack Meadowlands District within the Commercial Gateway Center of the Paterson Plank Road Redevelopment Area; and

WHEREAS, the bulk variance is sought in connection with the applicant's proposal to install an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required front yard facing Paterson Plank Road (NJ Route 120) on the subject premises; and

WHEREAS, the applicant requested relief from N.J.A.C. 19:4-8.10(a)1, which prohibits fences or screening walls in excess of 24 inches in required front yards, whereas an eight-foot-high chain link fence swing gate and six-foot-high chain link fence topped with barbed wire are proposed within the required front yard facing Paterson Plank Road; and

WHEREAS, notice of the requested bulk variance relief was given to the public and all interested parties as required by law and was published in The Record newspaper; and

WHEREAS, a public hearing was held in the Office of the NJSEA on Tuesday, September 18, 2018, before Sara Sundell, P.E., P.P., Director of Land Use Management and Chief Engineer; Sharon Mascaró, P.E., Deputy Director of Land Use Management and Deputy Chief Engineer; Mia Petrou, P.P., AICP, Principal Planner; and Ronald Seelogy, P.E., P.P., Principal Engineer; and

WHEREAS, a comprehensive report dated October 4, 2018, has been prepared indicating the recommendations of the Director of Land Use Management and the Senior Vice President, Chief of Legal & Regulatory Affairs in this matter; and

WHEREAS, a copy of the recommendation and comprehensive report was provided to the applicant on October 9, 2018; and

WHEREAS, the report recommends the approval of the requested bulk variance from N.J.A.C. 19:4-8.10(a)1, to install an eight-foot-high chain link fence swing gate and six-foot-high chain link fence topped with barbed wire within the required front yard facing Paterson Plank Road; and

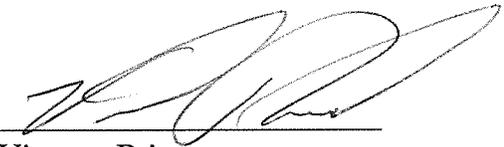
WHEREAS, the Board of Commissioners of the NJSEA has reviewed the full record, including the transcripts of the public hearings, recommendations on the application by the Director of Land Use Management and by the Senior Vice President, Chief of Legal & Regulatory Affairs, and the submissions of the applicant; and

WHEREAS, the Board of Commissioners concurs with the recommendations of the Director of Land Use Management and the Senior Vice President, Chief of Legal & Regulatory Affairs; and

WHEREAS, the Board of Commissioners hereby determines that the requested bulk variance application to install an eight-foot-high chain link fence swing gate and six-foot-high chain link fence topped with barbed wire within the required front yard facing Paterson Plank Road conforms with the standards for approving applications for variances as set forth in N.J.A.C. 19:4-4.14(e).

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the New Jersey Sports and Exposition Authority, that the Terreno/Xpedited Services - Fence/Variance application to construct an eight-foot-high chain link fence swing gate and six-foot-high chain link fence topped with barbed wire within the required front yard facing Paterson Plank Road, is hereby **APPROVED** for the reasons set forth in the recommendation dated October 4, 2018.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
Secretary



MEMORANDUM

To: NJSEA Board Members and Vincent Prieto, President/CEO

From: Sara J. Sundell *Date:* October 18, 2018

Subject: Variance Recommendation – Terreno/Xpedited Services - Fence/
Variance (File No. 17-214)

An application for one bulk variance has been filed with the New Jersey Sports & Exposition Authority by Xpedited Services for the premises located at 248 Paterson Plank Road, identified as Block 121, Lot 1.03, in the Borough of Carlstadt. The subject property is located in the Hackensack Meadowlands District within the Commercial Gateway Center of the Paterson Plank Road Redevelopment Area. The bulk variance is sought in connection with the applicant’s proposal to install an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required front yard facing Paterson Plank Road on the subject premises.

Specifically, the applicant is requesting bulk variance relief from the following:

1. N.J.A.C. 19:4-8.10(a)1, which prohibits fences or screening walls in excess of 24 inches in required front yards, whereas an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire are proposed within the required front yard facing Paterson Plank Road.

A public hearing was held in the Office of the NJSEA on Tuesday, September 18, 2018.

In a comprehensive report dated October 4, 2018, the Director of Land Use Management and the Senior Vice President/Chief of Legal & Regulatory Affairs recommended the approval of the bulk variance request. A copy of the comprehensive report and variance recommendation was provided to the applicant on October 9, 2018.

At this time, the Board of Commissioners is required to issue a decision on the variance application described above. A resolution requesting the same is attached for your consideration.

RECOMMENDATION ON THE VARIANCE APPLICATION OF

Terreno/Xpedited Services - Fence/Variance

FILE # 17-214

I. INTRODUCTION

An application for one bulk variance has been filed with the New Jersey Sports & Exposition Authority (NJSEA) by Xpedited Services for the premises located at 248 Paterson Plank Road, identified as Block 121, Lot 1.03, in the Borough of Carlstadt, New Jersey. The subject premises is located in the Hackensack Meadowslands District (District) within the Commercial Gateway Center of the Paterson Plank Road Redevelopment Area. The bulk variance is sought in connection with the applicant's proposal to install an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required front yard facing Paterson Plank Road (NJ Route 120) on the subject premises.

Specifically, the applicant is requesting bulk variance relief from the following regulation:

1. N.J.A.C. 19:4-8.10(a)1, which prohibits fences or screening walls in excess of 24 inches in required front yards, whereas an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire are proposed within the required front yard facing Paterson Plank Road.

Notice was given to the public and all interested parties as required by law. The public notice was published in The Record newspaper. A public hearing at the Office of the Commission commenced on Tuesday, September 18, 2018, and continued on Tuesday, September 18, 2018. All information submitted

to the Division of Land Use Management relative to this application is made part of the record of this recommendation.

II. GENERAL INFORMATION

A. Existing and Proposed Use

The 5.23-acre property is located within the Paterson Plank Road Redevelopment Area and is irregularly-shaped with frontage to the south along Paterson Plank Road. The property is bordered by Peach Island Creek and Berry's Creek to the north, radio station transmission towers to the east, and light industry to the west.

The subject property contains an existing 31,415-square-foot truck terminal building with associated parking. The site is accessed by a driveway off of Paterson Plank Road. Traveling westbound on Paterson Plank Road, the elevation of the roadway rises relative to the subject property, with a maximum elevation differential of nine feet. The property is encumbered by a varying width slope easement located adjacent to the Paterson Plank Road right of way.

The applicant is proposing to install an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the 25-foot-wide required front yard facing Paterson Plank Road. The fence will be located along approximately 160 feet of the site's 525-foot frontage, or approximately one third the site's front property line. The proposed fence, which will provide security for the site's existing operations and equipment, will be located a minimum setback of 3.2 feet from the front property line. The existing shaped building includes a 65-foot-wide office section that projects out along its 419-foot width. There is an existing non-conforming front yard loading area and paved vehicular use area to the west of the office projection and the proposed fencing will be located along the perimeter of that area. The proposed swing gate will be installed at an approximate 90-degree angle from the six-foot-high chain link fence proposed along the site's frontage and will tie into the southwest corner

of the office projection. No other improvements to the building or site are proposed.

B. Response to the Public Notice

One written objection dated July 11, 2018, was received from Jane Fontana, Esq., Legislative Research Officer for the Borough of Carlstadt. Thereafter, the applicant met with Ms. Fontana, who later advised the NJSEA Division of Land Use Management via email on September 17, 2018, that the Borough had no issue with the variance application being granted and that it had no further comments on the matter.

III. PUBLIC HEARING (July 17, 2018 and September 18, 2018)

A public hearing commenced in the Office of the Commission on Tuesday, July 17, 2018, at which time the applicant requested to postpone their testimony. The public hearing was continued on September 18, 2018, as announced on the record at the hearing on July 17, 2018. NJSEA staff in attendance on both hearing dates were Sara J. Sundell, P.E., P.P., Director of Land Use Management and Chief Engineer; Sharon Mascaró, P.E., Deputy Director of Land Use Management and Deputy Chief Engineer; Mia Petrou, P.P., AICP, CFM, Principal Planner; and Ronald Seelogy, P.E., P.P., Principal Engineer.

A. Exhibits

The following is a list of the exhibits submitted by the applicant at the public hearing and marked for identification as follows:

<u>Number</u>	<u>Description</u>
A-1	"Aerial of Site," Drawing Number AR-1, prepared by the Bilow Garrett Group, undated.

A-2 "Site Plan," Drawing Number SP-100, prepared by the Bilow Garrett Group on September 11, 2017, last revised on June 28, 2018.

A-3 "Site Details," Drawing Number SP-101, prepared by the Bilow Garrett Group on February 28, 2018.

A-4 "Photo Array," Drawing Number PH-1, prepared by the Bilow Garrett Group, undated.

A-5 "ALTA/NSPS Land Title Survey for 248 Paterson Plank Road, Block 121, Lot 1.03, Borough of Carlstadt, Bergen County, New Jersey," Sheet 1 of 1, prepared by Control Layouts, Inc., on August 19, 2016, last revised on April 17, 2017.

B. Testimony

Jason Tuvel, Esq., of Prime Law, represented the applicant at the hearing. The following witness testified in support of the application:

1. Anthony Garrett, RA, of the Bilow Garrett Group.

Staff findings and recommendations are based on the entire record. A transcript of the public hearing was prepared and transcribed by Beth Calderone, Certified Shorthand Reporter.

C. Public Comment

No members of the public were present at the public hearing.

IV. RECOMMENDATION(S)

A. Standards for the Granting of a Bulk Variance from the Provisions of N.J.A.C. 19:4-8.10(a)1, which prohibits fences or screening walls in

excess of 24 inches in required front yards, whereas an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire are proposed within the required front yard facing Paterson Plank Road.

The Hackensack Meadowlands District Zoning Regulations at N.J.A.C. 19:4-4.14(e) state in part that, *a variance shall not be granted unless specific written findings of fact directly based upon the particular evidence presented are made that support conclusions that...*

1. Concerning bulk variances:

i. The variance requested arises from such condition that is unique to the property in question, is not ordinarily found in the same zone, and is not created by any action of the property owner or the applicant.

The requested variance to permit an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required 25-foot front yard setback arises from conditions that are unique to the site. The subject premises is an irregularly-shaped lot that fronts along Paterson Plank Road to the south. The site is currently improved with a 31,415-square-foot truck terminal building with associated parking and site improvements. The proposed 160-foot section of fence will take up about one third of the site's frontage and the proposed gate will connect it, at a right angle, to the southwest corner of projecting portion of the t-shaped building. The proposed fence will surround an existing paved vehicular use area and be located at a minimum setback of 3.2 feet from the Paterson Plank Road/NJ Route 120 right of way.

A 65-foot-wide projecting portion of the 419-foot-wide t-shaped building is located approximately 33 feet from the Paterson Plank Road right of way line. Within the 33-foot building setback, there is an 18-foot-wide drive aisle, a six-foot-wide landscaped strip, and an existing stairway to access the building. The site contains a pre-existing non-conforming front yard loading area to the west of the building projection. The applicant is proposing to install the fence and gate with a minimum setback of 3.2 feet from the front property line, so as not to impede loading operations and vehicular circulation throughout the site.

District zoning regulations restrict fences from being placed within required front yards. The property is configured and improved in such a way that limits potential conforming locations for fencing that would not impact vehicular circulation around the site or within the pre-existing non-conforming loading area. The proposed locations of the fence and gate will preserve the established logistical functions while ensuring the security of the site. These circumstances are unique to the property in question.

ii. The granting of the variance will not adversely affect the rights of neighboring property owners or residents.

The granting of the requested variance to permit an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required 25-foot front yard setback adjacent to a public right of way will not adversely affect the rights of neighboring property owners or residents. The site is located within a fully-developed industrial area. There are no

residential properties located within the immediate vicinity of the subject premises.

The proposed fence and gate, which will be set back a minimum of 3.2 feet from the front property line, will not be highly visible from Paterson Plank Road due the rising elevation of the roadway relative to the existing grade of the subject property, which ranges from 2 feet at the start of the fence to approximately 9 feet at the southwest corner of the site. In addition, the proposed fence will be screened by natural vegetation growing along the slope between the roadway and the subject property. The proposed fence will therefore not create any negative visual impacts to neighboring properties or impede their ability to function as intended. The location of the new fence and gate on site will be 280 feet from the site driveway and will not require trucks to queue within the Paterson Plank Road right of way. Therefore, the granting of the variance will not adversely affect the rights of neighboring property owners or residents.

iii. The strict application of the regulations will result in peculiar and exceptional practical difficulties to, or exceptional and undue hardship upon, the property owner.

The strict application of the regulations will result in peculiar and exceptional practical difficulties to, and exceptional and undue hardship upon, the property owner. Locating the fence and gate at the 25-foot front yard setback line would place it in the middle of an existing drive aisle and vehicular use area, which are integral to both emergency vehicle access around the perimeter of the building

and to the circulation/maneuverability of trucks within the existing loading areas. The strict application of the regulations would render the perimeter drive aisle and existing loading area to the west of the office as inoperable. The proposed location of the fence and gate will allow the site to continue to function as intended, and will not negatively impact aesthetics in the neighborhood.

iv. The variance will not result in substantial detriment to the public good and will not adversely affect the public health, safety, morals, order, convenience, prosperity or general welfare.

There will be no substantial detriment to the public good and no adverse effects to the public health, safety, morals, order, convenience, prosperity or general welfare by the granting of the requested variance. The surrounding neighborhood properties on the westbound side of Paterson Plank Road principally consist of industrial uses. The applicant proposes to install an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required 25-foot front yard setback facing Paterson Plank Road for security purposes. The fence and gate are proposed to be set back a minimum of 3.2 feet from the front property line.

To minimize any potential conflicts to the existing vehicular circulation within the paved vehicular use and loading areas that would result from installing a fence and gate in a conforming location and to provide security for the site, the fencing is proposed to be set back a minimum of 3.2 feet at its closest point to the front property line. The applicant's professional testified that the

location of the new fence and gate on site will be 280 feet from the site driveway and will not require trucks to queue within the Paterson Plank Road right of way. In addition, the gate will have a Knox box to ensure that vehicles utilized for emergency services purposes will continue to have access around the perimeter of the facility.

v. The variance will not have a substantial adverse environmental impact.

The granting of the requested variance to permit an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required 25-foot front yard setback facing Paterson Plank Road will not have any adverse environmental impacts. The location of the proposed fence and gate within the required front yard facing Paterson Plank Road will not violate the District's performance standards for noise, vibrations, airborne emissions, hazardous materials, glare or water quality. Environmentally sensitive areas, such as the Peach Island Creek and Berry's Creek waterway buffers on the northerly portion of the site, will not be disturbed by the proposed placement of the fence and gate within the required front yard.

vi. The variance represents the minimum deviation from the regulations that will afford relief.

The requested variance represents the minimum deviation from the regulations that will afford relief. The proposed fence and gate will be installed on a fully-developed lot where potential locations to provide a functional gate and fence without altering the vehicular

circulation and safe operations of the truck terminal are limited. The fence and gate are proposed to be installed at a minimum setback of 3.2 feet from the Paterson Plank Road right of way line. The fence and gate as proposed ensures adequate vehicle movement within the site without compromising the use of existing loading and parking areas for vehicle circulation and maneuvering.

vii. Granting the variance will not substantially impair the intent and purpose of these regulations.

The requested variance to permit an eight-foot-high chain link fence swing gate and a six-foot-high chain link fence topped with barbed wire within the required 25-foot front yard setback facing Paterson Plank Road will not impair the intent and purpose of the regulations. An intent of the regulation that prohibits fences in required front yards is to minimize adverse visual impacts to neighboring properties. The property in question is located in an area comprised of various industrial uses. Although the fence and gate will be installed within the required front yard setback, the rising elevation of the Paterson Plank Road roadway surface relative to the subject property, which varies from two to nine feet along the length of proposed fence, along with vegetative growth along the resulting slope, will result in a minimal visual impact to the surrounding area. Furthermore, the fence and gate at the proposed locations will provide a level of security for Xpedited Services' loading and truck parking areas while maintaining the overall functionality of the site.

RESOLUTION 2018-39

**RESOLUTION ISSUING A
DECISION ON THE VARIANCE APPLICATION
SUBMITTED AS PART OF FILE NO. 17-281
SEI CARLSTADT-NEW BUILDING AND VARIANCES
701 TWELFTH STREET, BLOCK 84, LOT 1
IN THE BOROUGH OF CARLSTADT, NEW JERSEY**

WHEREAS, an application for one bulk variance has been filed with the New Jersey Sports & Exposition Authority (NJSEA) by Samuel Wachsman of SEI Carlstadt, LLC, for the premises located at 701 Twelfth Street, identified as Block 84, Lot 1, in the Borough of Carlstadt, New Jersey; and

WHEREAS, the applicant's overall development site is comprised of Block 84, Lot 1, which is located within the District in the Borough of Carlstadt, and Block 229.02, Lot 3, which is located outside of the District within the Borough of Wood-Ridge; and

WHEREAS, the bulk variance is sought in connection with the applicant's proposal to construct a portion of a proposed warehouse building on Block 84, Lot 1 within the District; and

WHEREAS, Block 84, Lot 1 is located within the Hackensack Meadowlands District's (District) Light Industrial B zone; and

WHEREAS, the applicant requested variance relief from N.J.A.C. 19:4-8.3(b)1, which prohibits loading in any front yard, whereas seven loading doors are proposed in the front yard facing Twelfth Street on Block 84, Lot 1 within the District; and

WHEREAS, notice of the requested bulk variance relief was given to the public and all interested parties as required by law and was published in The Record newspaper; and

WHEREAS, a public hearing was held in the Office of the NJSEA on Tuesday, July, 24, 2018, before Sara Sundell, P.E., P.P., Director of Land Use Management and Chief Engineer, Sharon Mascaró, P.E., Deputy Director of Land Use Management and Deputy Chief Engineer, Mia Petrou, P.P., AICP, CFM, Principal Planner, and Mark Skerbetz, P.P., AICP, Senior Planner; and

WHEREAS, a comprehensive report dated October 9, 2018, has been prepared indicating the recommendations of the Director of Land Use Management and the Senior Vice President, Chief of Legal & Regulatory Affairs in this matter; and

WHEREAS, a copy of the recommendation and comprehensive report was provided to the applicant on October 9, 2018; and

WHEREAS, the report recommends the conditional approval of the requested bulk variance from N.J.A.C. 19:4-8.3(b)1, to install seven loading doors in the front yard facing Twelfth Street; and

WHEREAS, the Board of Commissioners of the NJSEA has reviewed the full record, including the transcripts of the public hearing, submissions of the applicant and objector; and recommendations on the application by the Director of Land Use Management and the Senior Vice President, Chief of Legal & Regulatory Affairs;; and

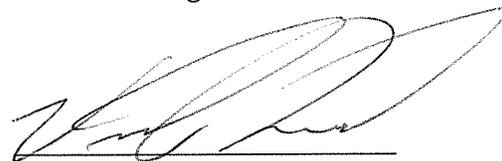
WHEREAS, the Board of Commissioners concurs with the recommendations of the Director of Land Use Management and the Senior Vice President, Chief of Legal & Regulatory Affairs; and

WHEREAS, the Board of Commissioners hereby determines that the requested bulk variance application from N.J.A.C. 19:4-8.3(b)1, to install seven loading doors in the front yard facing Twelfth Street within the District, conditionally conforms with the standards for approving applications for variances as set forth in N.J.A.C. 19:4-4.14(e).

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the New Jersey Sports and Exposition Authority, that the SEI Carlstadt-New Building and Variances application to install seven loading doors in the front yard facing Twelfth Street is hereby **APPROVED WITH THE FOLLOWING CONDITIONS** for the reasons set forth in the recommendation dated October 9, 2018:

1. The six proposed loading dock doors, which are located to the north of the proposed southerly drive-in loading door, shall be recessed within the building for a minimum distance of five feet from the proposed westerly building line to allow for an additional five-foot width of truck maneuvering space in the loading area to minimize the potential for the obstruction of traffic flow along Twelfth Street.
2. The property owner shall obtain all required approvals from the Borough of Carlstadt with respect to any proposed improvements within the Twelfth Street right-of-way.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
Secretary



MEMORANDUM

To: NJSEA Board Members and Vincent Prieto, President/CEO

From: Sara J. Sundell

Date: October 18, 2018

Subject: Variance Recommendation for SEI Carlstadt-New Building and
Variances (File No. 17-281)

An application for one bulk variance has been filed with the New Jersey Sports & Exposition Authority (NJSEA) by Samuel Wachsman, SEI Carlstadt, LLC, for the premises located at 701 Twelfth Street, identified as Block 84, Lot 1, in the Borough of Carlstadt, New Jersey. The variance is sought in connection with the applicant's proposal to construct a portion of a new warehouse building on the premises within the Hackensack Meadowlands District's Light Industrial B zone. The project is also partially located outside of the Hackensack Meadowlands District, with that portion of the premises identified as Block 229.02, Lot 3 in the Borough of Wood-Ridge.

The applicant requested variance relief from:

1. N.J.A.C. 19:4-8.3(b)1, which prohibits loading in any front yard, whereas seven loading doors are proposed in the front yard facing Twelfth Street within the District.

A public hearing was held in the Office of the NJSEA on Tuesday, July 24, 2018.

In a comprehensive report dated October 9, 2018, the Director of Land Use Management and the Senior Vice President, Chief of Legal & Regulatory Affairs recommended the conditional approval of the bulk variance requested above. A copy of the comprehensive report and variance recommendation was provided to the applicant on October 9, 2018.

At this time, the Board of Commissioners is required to issue a decision on the variance application described above. A resolution requesting the same is attached for your consideration.

**RECOMMENDATION ON THE VARIANCE APPLICATION OF
SEI Carlstadt-New Building and Variances**

FILE #17-281

I. INTRODUCTION

An application for one bulk variance has been filed with the New Jersey Sports & Exposition Authority (NJSEA) by Samuel Wachsman, SEI Carlstadt, LLC, for the premises located at 701 Twelfth Street, identified as Block 84, Lot 1, in the Borough of Carlstadt, New Jersey. The variance is sought in connection with the applicant's proposal to construct a new warehouse building on the premises within the Hackensack Meadowlands District's (District) Light Industrial B zone. The project is also partially located outside of the District, with that portion of the premises identified as Block 229.02, Lot 3 in the Borough of Wood-Ridge.

Specifically, the applicant is requesting variance relief from the following:

1. N.J.A.C. 19-4-8.3(b)1, which prohibits loading in any front yard, whereas seven loading doors are proposed in the front yard facing Twelfth Street within the District.

Notice was given to the public and all interested parties as required by law. The public notice was published in The Record newspaper. One written objection was received. A public hearing was held in the NJSEA Office on Tuesday, July 24, 2018. All information submitted to the Division of Land Use Management relative to this application is made part of the record of this recommendation.

II. GENERAL INFORMATION

A. Existing and Proposed Use

The subject property, which is located within the jurisdictional boundaries of both the NJSEA (within the Borough of Carlstadt) and the Borough of Wood-Ridge, is currently improved with a vacant industrial building measuring approximately 40,000 square feet. The existing building is uninhabitable, and the site is in obsolete condition, with areas of broken pavement and overgrown vegetation.

The site contains frontage on Twelfth Street within the Borough of Carlstadt, and frontage within the Borough of Wood-Ridge along a rail line right-of-way (ROW) identified as the Norfolk Southern Bergen County Branch Main Line (NS Main Line), which also accommodates the NJ Transit Pascaack Valley Line passenger rail service. Twelfth Street in the vicinity of the site is a 22-foot-wide ROW belonging to the Borough of Carlstadt. While the Twelfth Street ROW extends further to the south of the property in question within the Borough of Carlstadt, it is not navigable due to degraded pavement and deep ruts in the roadway. Therefore, the site can only be accessed from the north, via Park Place East, Park Place, and then through a 22-foot-wide easement across the adjacent property to the north (1 Ethel Boulevard in Wood-Ridge). There is also an existing 22-foot wide access easement across Lot 3, along the westerly side of the Wood-Ridge portion of the project site.

The surrounding area is industrial in nature. A number of warehouse and distribution facilities exist within the Borough of Wood-Ridge to the north of the site, as well as to the west across the NS Main Line ROW. One existing warehouse facility, also only partially located within the District, is located directly to the east, and one vacant site with zoning approval for a warehouse building is located within the District to the south.

The applicant proposes to remove the existing dilapidated structure on the site and construct a new 60,696-square-foot warehouse facility with accessory office space. As part of this proposal, the applicant requests a variance from the NJSEA to provide seven loading areas within the front yard facing Twelfth Street within the District portion of the subject property. This application applies only to the portion of the premises identified as Block 84, Lot 1, within the Borough of Carlstadt, which is located within the Hackensack Meadowlands District jurisdiction.

On May 3, 2018, the Borough of Carlstadt approved Borough Resolution No. 2018-141-A permitting the applicant to utilize and make certain improvements within the Twelfth Street ROW along the site's frontage.

B. Response to the Public Notice

One objector provided a written submittal in response to the public notice. In an email dated July 24, 2018, Scott E. Rekant, Esq., of the firm, Cullen & Dykman, LLP, representing an objector, Eric Senderowicz, Operating Member of One Ethel Boulevard, LLC and President of Reddy Raw, 1 Ethel Boulevard, Wood-Ridge, NJ, ("Objector") submitted an affidavit, subsequently submitted at the public hearing as Exhibit O-1.

III. PUBLIC HEARING (July 24, 2018)

A public hearing was held on Tuesday, July 24, 2018. NJSEA staff in attendance were Sara J. Sundell, P.E., P.P., Director of Land Use Management and Chief Engineer; Sharon Mascaró, P.E., Deputy Director of Land Use Management and Deputy Chief Engineer; Mia Petrou, P.P., AICP, CFM, Principal Planner; and Mark Skerbetz, P.P., AICP, Senior Planner.

A. Exhibits

The following is a list of the exhibits submitted by the applicant at the public hearing and marked for identification as follows:

<u>Number</u>	<u>Description</u>
A-1	"Front Yard Loading Aerial Exhibit," prepared by Maser Consulting, P.A., dated 04/13/2018;
A-2	"Dimension Plan," prepared by Yosef Portnoy, P.E., Maser Consulting, P.A., dated 07/06/2017, and revised through 07/14/2017.
A-3	"Landscape Plan," prepared by Raymond C. Liotta, L.A., Maser Consulting, P.A., dated 07/06/2017, and revised through 07/14/2017.
A-4	"Elevations," prepared by KSS Architects, dated 1/11/2018.
A-5	"Exterior Rendering," prepared by KSS Architects, dated 1/11/2018.
A-6	"Exterior Rendering," prepared by KSS Architects, dated 1/11/2018.
A-7	"Meadowlands Dock Door to Building SF Ratio Analysis," submitted by Christopher Hile, Jones Lang LaSalle, dated July 23, 2018.
A-8	"Traffic Assessment," prepared by Jeffrey M. Fiore, P.E., Maser Consulting, P.A., dated 12/05/2017, and revised through 02/13/2018.
A-9	"Expert Planning Report," prepared by Paul A. Phillips, P.P., Phillips, Preiss, Grygiel, LLC, dated January 2018.
A-10	"WB-67 Truck Turn Exhibit," prepared by Yosef Portnoy, P.E., Maser Consulting, P.A., dated 07/06/2017, and revised through 07/14/2017.

A-11 Borough of Carlstadt Resolution No. 2018-141-A dated May 3, 2018.

The following is a list of the exhibits submitted by the Objector at the public hearing and marked for identification as follows:

O-1 Affidavit of Eric Senderowicz, dated July 24, 2018.

B. Testimony

Thomas J. Trautner, Esq., of the firm, Chiesa Shahinian & Giantomasi PC, represented SEI Carlstadt, LLC at the hearing. The following witnesses testified in support of the application:

1. Yosef Portnoy, P.E., Maser Consulting, P.A.;
2. Scot Murdoch, AIA, KSS Architects;
3. Christopher Hile, Jones Lang LaSalle;
4. Jeffrey M. Fiore, P.E., Maser Consulting, P.A.; and
5. Paul Phillips, P.P., AICP, Phillips, Preiss, Grygiel, LLC.

Staff findings and recommendations are based on the entire record. A transcript of the public hearing was prepared and transcribed by Beth Calderone, Certified Shorthand Reporter.

C. Public Comment

One objector, Eric Senderowicz, Operating Member of One Eihel Boulevard, LLC and President of Reddy Raw, was present at the public hearing, and was represented by counsel, Scott E. Rekant, Esq., of Cullen and Dykman, LLP.

IV. RECOMMENDATION

A. Standards for the Granting of a Bulk Variance from the Provisions of N.J.A.C. 19:4-9.3(b)1, which prohibits loading in any front yard, whereas four loading doors are proposed in the front yard facing Twelfth Street within the District.

The Hackensack Meadowlands District Zoning Regulations at N.J.A.C. 19:4-4.14(e) state in part that, *a variance shall not be granted unless specific written findings of fact directly based upon the particular evidence presented are made that support conclusions that...*

1. Concerning bulk variances:

i. The variance requested arises from such condition that is unique to the property in question, is not ordinarily found in the same zone, and is not created by any action of the property owner or the applicant.

The property in question is subject to a unique set of conditions that affect the site's development. First, zoning authority over site development is split between two jurisdictions. The Hackensack Meadowlands District Zoning Regulations apply to the southerly portion of the site (the property identified as Block 84, Lot 1 within the Borough of Carlstadt), while the northerly portion of the site (the property identified as Block 229.02, Lot 3 within the Borough of Wood-Ridge) is located outside of the District. Thusly, development on Lot 3 is subject to the zoning requirements of the Borough of Wood-Ridge. Furthermore, Twelfth Street is a narrow 22-foot-wide public right-of-way (ROW) within the Borough of Carlstadt, which terminates at the municipal border with the Borough of Wood-Ridge. The site is accessed from the north via roadways through Wood-Ridge, in particular along Park Place East, Park Place, and then via an existing 22-foot-wide access

easement across the adjacent property located at 1 Ethel Boulevard. No access is available from the south of the site via Twelfth Street due to the degraded condition of the roadway.

The property also exhibits an irregular configuration due to the unique conditions owing to the terminus of Carlstadt's Twelfth Street ROW at the Borough of Wood-Ridge boundary line. At this location, the westerly portion of the site in Wood-Ridge (Lot 3) extends approximately 22 feet beyond the site's westerly lot line within the District (Lot 1), forming a small panhandle.

This combination of factors results in a unique set of circumstances applicable to the property in question that is not ordinarily found in the District.

ii. The granting of the variance will not adversely affect the rights of neighboring property owners or residents.

The granting of the requested variance will not adversely affect the rights of area residents. While no residences exist within the immediate vicinity of the subject property, a residential neighborhood does exist approximately 1,000 feet to the north of the subject property within the Borough of Wood-Ridge. There are weight-related travel restrictions on truck traffic through this residential neighborhood, therefore trucks accessing the industrial properties in the vicinity of the subject site are limited to using Park Place East. The truck traffic associated with the property in question will continue on to the site via Park Place and then an access easement across the neighboring private property at 1 Ethel

Boulevard. The traffic assessment provided by the applicant (Exhibit A-8) indicates site-generated traffic can be accommodated at the proposed site with no negative impact to the roadway system in the area. Therefore, with respect to area residences, there will be no substantial detriment resulting from the variance request to provide loading within the front yard.

Surrounding properties in the vicinity of the property in question are industrial in nature, and front yard loading operations exist on many properties located to the north of the site in question.

An objector representing the adjacent property to the north, appeared at the public hearing to oppose the proposed variance, stating that the vehicles using the easement across his property to access the proposed warehouse building would negatively impact the circulation and loading operations at his property, which is occupied by his business, Reddy Raw food distributors. The Objector indicated that trucks queuing while waiting to access the loading doors within the proposed front yard loading area would result in a back-up of traffic within the easement area on his property, thereby obstructing access to the Reddy Raw site.

A total of 11 loading doors are proposed along the westerly building elevation, with four of those doors located within the northerly portion of the site in Wood-Ridge. This variance request applies only to the seven loading doors located within the Borough of Carlstadt. A review of the site plan indicates the distance between the proposed westerly building façade and the proposed curb/retaining wall to the east of NS Main Line ranges from 158

feet from the northerly-most loading dock in the Borough of Wood-Ridge, to approximately 140 feet at the southerly-most drive-in ramp within the Borough of Carlstadt. The distance at the District boundary line is approximately 152 feet. This differentiation occurs due to the angle of the NS Main Line as it traverses past the property. Therefore, the loading areas in the northerly portion of the site contain more area available for trucks to maneuver into the loading areas than those in the southerly portion of the site within the District.

In order to ensure that the proposed loading operations do not result in a back-up of traffic along the easement on the adjacent property, this recommendation includes a condition that the six proposed loading dock doors, which are located to the north of the proposed southerly drive-in loading door, shall be recessed within the building a minimum distance of five feet from the proposed westerly building line. Based on the truck circulation patterns shown on Exhibit A-10, the additional five feet would provide for a 10-foot-wide area within the southbound travel lane of Twelfth Street that would remain clear of the path of trucks maneuvering within the loading areas. This area will provide for additional maneuvering space on the site itself, as opposed to within the ROW, and will minimize the potential for the obstruction of traffic flow along Twelfth Street, the access easement on the adjacent property, and Park Place. This loading door recession would also allow sufficient area for a tractor-trailer or emergency vehicles to continue to travel southbound on Twelfth Street to the southerly driveway while a tractor trailer is maneuvering into one of the proposed loading doors on the site.

The proposed loading doors would not impact the two neighboring properties to the west of the NS Main Line, whose rear yards face the subject property from across the rail line. One of these two properties contains loading activities within their easterly rear yard, and the other contains a masonry building wall with limited fenestration. Both properties have either fencing or vegetation along the rail line that will screen the proposed loading activities.

With the implementation of the recommended condition, the granting of the requested variance will not adversely affect the rights of neighboring property owners or residents.

iii. The strict application of the regulations will result in peculiar and exceptional practical difficulties to, or exceptional and undue hardship upon, the property owner.

The subject property contains a number of characteristics that result in peculiar and exceptional practical difficulties in the ability to install loading areas on the site in a conforming location outside of a front yard.

The property configuration exhibits some irregularities that result in practical difficulties in the design of the building and loading areas. Specifically, the westerly portion of the site within the Borough of Wood-Ridge (Lot 3) extends approximately 22 feet beyond the site's westerly lot line within the District (Lot 1), forming a small panhandle. In addition, both the easterly and westerly lot lines contain an angle in the southeasterly direction.

The site is proposed to be redeveloped with a new 60,696-square-foot warehouse building with accessory office space. The proposed site design locates the main building entrance within the easterly rear yard, along with passenger vehicle parking. The proposed loading areas are situated within the site's westerly front yard along Twelfth Street.

The Twelfth Street ROW terminates to the north at the municipal boundary with the Borough of Wood-Ridge. Lot 3, a private property within the Borough of Wood-Ridge that is part of the subject development site, is located to the north of this terminus. Therefore, the area within the Wood-Ridge portion of the site where truck loading and maneuvering for the building is proposed is within the subject property's physical boundaries. The applicant proposes to continue the loading area along the westerly building façade within the Borough of Carlstadt facing the Twelfth Street ROW.

Alternative configurations for development within the District that would result in the placement of loading areas within a permitted side yard are not practicable. Such alternative would result in a long and extremely narrow building that would not permit the safe separation of truck and passenger vehicle traffic, as accomplished by the proposed design. The provision of the site's loading operations within the site's easterly rear yard, another potential permitted location, would impact the building layout and potentially reduce the building size to allow for the wide arcs needed to accommodate truck circulation patterns within the

loading areas and around the proposed building, resulting in an inefficient site design. The proposed alternative, with loading spaces in the westerly front yard, provides for a comprehensive and cohesive site design that provides for one defined loading area for the overall site, and accomplishes a safe separation of truck traffic from passenger vehicles and pedestrians by providing for these site requirements in separate locations. The building, as proposed, complies with all required setbacks, open space, and lot coverage requirements, signifying the site is not being overdeveloped.

Therefore, the strict application of the zoning regulations prohibiting loading in a front yard results in a hardship for the applicant. The requested variance is sought to address the significant practical difficulties resulting from the unique property conditions.

iv. The variance will not result in substantial detriment to the public good and will not adversely affect the public health, safety, morals, order, convenience, prosperity or general welfare.

There will be no substantial detriment to the public good and no adverse impact to the public health, safety, morals, order, convenience, prosperity or general welfare by the granting of the requested variance.

The applicant proposes to locate seven loading areas located in the District-portion of the project, consisting of one drive-in ramp and six loading dock doors, within the front yard facing Twelfth Street.

The applicant also proposes to utilize the Twelfth Street ROW to accommodate truck maneuvers associated with the site's loading operations. Improvements to the Twelfth Street ROW along the site frontage are proposed to facilitate vehicular movements within the ROW. The Borough of Carlstadt, the owner of the ROW, passed a resolution approving the proposed utilization of Twelfth Street for such purposes. The applicant also proposes to add either a high curb or retaining wall adjacent to the NS Main Line in order to clearly define the edge of the roadway. As no specific plans are shown for this area, this recommendation is conditioned on the applicant obtaining all required approvals from the Borough of Carlstadt with respect to any proposed improvements to the Twelfth Street ROW.

The Twelfth Street ROW, to the south of the property in question, is severely degraded and is not in navigable condition. Immediately to the south of the property in question, the owner of the vacant site at Block 84, Lot 2 has obtained zoning approval from this agency for the construction of a 218,261-square-foot warehouse building. Access to future development on Lot 2 will be from a small improved portion of Twelfth Street in the vicinity of its southerly boundary, where it connects with Route 17 via an at-grade crossing of the NS Main Line rail line. It is noted that the length of Twelfth Street to the west of Lot 2 was not proposed to be improved northward to Lot 1 as part of that development approval. As a result, no access to the subject property or beyond is anticipated from the portion of Twelfth Street to the south of the property in question, and public safety will not be impacted by the

proposed circulation patterns of vehicles associated with the location of the proposed loading areas within the front yard.

The subject property is accessed from the terminus of Park Place in the Borough of Wood-Ridge via an easement across the adjacent property located at 1 Ethel Boulevard. Potential public safety concerns result from the utilization of the Twelfth Street ROW to accommodate turning maneuvers by trucks accessing the loading area. During loading operations, conflicts may result between the on-site trucks and vehicles traveling south from Park Place across the easement on 1 Ethel Boulevard and through to the Twelfth Street ROW. In order to ensure unobstructed access to the site, particularly by emergency vehicles, and to avoid any potential back-up of vehicles onto the access easement across 1 Ethel Boulevard, it is recommended that the six proposed loading dock doors on the site be recessed a minimum of five feet from the proposed westerly façade wall of the building.

Therefore, with the recommended condition, the placement of the loading areas within the front yard facing Twelfth Street will have no adverse impact on public safety or health.

v. The variance will not have a substantial adverse environmental impact.

The granting of the requested variance will not have any adverse environmental impacts. The site is a currently improved, but defunct, industrial site that is proposed to be privately redeveloped with new warehouse development. No environmentally sensitive

wetlands will be impacted as a result of the proposed site development, and all open space requirements will be met.

Furthermore, the requested variance to locate seven loading doors within the front yard facing Twelfth Street will not cause the NISEA's environmental performance standards for noise, glare, vibrations, airborne emissions or hazardous materials to be exceeded. The aesthetics of the proposed front yard loading operations will not cause a significant detriment to the visual environment within the area, given its remote location and the presence of the NS Main Line which provides separation from properties to the west.

vi. The variance represents the minimum deviation from the regulations that will afford relief.

The applicant proposes a total of 11 loading areas on the subject property, with one drive-in ramp and ten loading docks. Seven of those loading areas (inclusive of the drive-in door) are located within the District. Through the analysis provided in Exhibit A-7, the applicant has demonstrated that the proposed number of loading doors is consistent with prevailing warehouse development in the area. The average dock door ratio for warehouse development in the Meadowlands region is one loading door per 4,915 square feet of floor area. The proposed ratio at the subject site of one loading door per 5,400 square feet of warehouse space is not excessive and is within the average range of loading provisions for warehouse development in the area.

Furthermore, the applicant meets all bulk requirements for site development within the Light Industrial B zone. As noted above, the property's particular and unique property characteristics result in challenges in the development of a site within two distinct zoning jurisdictions and unique practical difficulties with respect to the property's configuration and site access.

The staff's concerns with respect to safe circulation patterns are addressed by the recommended condition to recess the loading dock doors within the westerly façade of the building by a minimum distance of five feet, which would allow a truck that is waiting to enter the loading area sufficient staging area within the Twelfth Street ROW, without obstructing loading operations on the site.

The requested variance, therefore, represents the minimum deviation from the regulations that will afford relief.

vii. Granting the variance will not substantially impair the intent and purpose of these regulations.

The intent and purpose of front yard loading regulations are rooted in the promotion of public safety and aesthetics. Although this proposal locates loading areas in a front yard, public safety is not adversely impacted in this particular instance. The subject property is located between the physical termini of its two potential points of access. The Twelfth Street ROW is not an existing thoroughfare, nor is it likely to become one. Access from Park Place is via an access easement across the adjacent property at 1 Ethel

Boulevard in Wood-Ridge. There is no anticipated through traffic along the subject site's frontage. This recommendation provides a condition to ensure that the public safety concerns normally associated with front yard loading, namely, the obstruction of traffic and emergency vehicle access, are minimized. Therefore, there will be no impairment to the intent and purpose of these regulations by the granting of the requested variance, which is requested due to the unique property conditions established herein. The site's relatively remote location within its specific locational context also does not compromise area aesthetics.

Ultimately, the proposed variance will enable the redevelopment of a degraded site in a manner consistent with both existing and planned uses in the vicinity.

V. SUMMARY OF CONCLUSIONS

A. Standards for the Granting of a Bulk Variance from the Provisions of N.J.A.C. 19:4.8.3(b)L, which prohibits loading in any front yard, whereas seven loading doors are proposed in the front yard facing Twelfth Street within the District.

Based on the record in this matter, the bulk variance application to permit seven new loading doors in the front yard facing Twelfth Street within the District on Block 84, Lot 1, in the Borough of Carlstadt, whereas loading is not permitted in any front yard, is hereby recommended for APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

1. The six proposed loading dock doors, which are located to the north of the proposed southerly drive-in loading door, shall be recessed within the building for a minimum distance of five feet from the proposed westerly building line to allow for an additional five-foot width of truck maneuvering space in the loading area to minimize the potential for the obstruction of traffic flow along Twelfth Street.
2. The property owner shall obtain all required approvals from the Borough of Carlstadt with respect to any proposed improvements within the Twelfth Street right-of-way.

CONDITIONAL APPROVAL 10/19/2018
Recommendation on _____ Date Sara J. Sundell, P.E., P.P.
Variance Request _____ Director of Land Use Management

Conditional Approval 10/19/18
Recommendation on _____ Date Frank Leanza, Esq.
Variance Request _____ Senior Vice President
Chief of Legal & Regulatory Affairs

RESOLUTION 2018-40

**RESOLUTION ACCEPTING THE
2017 AUDIT REPORT**

BE IT RESOLVED by the New Jersey Sports and Exposition Authority that the Audit Report prepared by Mercadien, P.C., Certified Public Accountants, for the operations of the NJSEA for the year ended December 31, 2017, are hereby accepted.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.

A handwritten signature in black ink, appearing to read 'Vincent Prieto', written over a horizontal line.

Vincent Prieto
Secretary

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

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(A Component Unit of the State of New Jersey)

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of
the New Jersey Sports and Exposition Authority
Lyndhurst, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Jersey Sports and Exposition Authority ("Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Environmental Center Fund	Unmodified
Magnet Fund	Unmodified
NJSEA Enterprise Fund	Qualified
Solid Waste Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Business-type Activities and NJSEA Enterprise Fund
 In March 2015, management elected to close the operations of its 20,000 seat entertainment arena located in East Rutherford, New Jersey. This closure is considered a significant and unexpected decline in service utility which was not part of the expected normal life cycle. Under generally accepted accounting principles, this change requires the arena to be reported at the lower of carrying value or fair value.

Management chose not to provide a fair value measurement of the arena at this time. Therefore, the amount of an impairment loss, if any, cannot be determined. The financial impact of an impairment loss, if one is required, would reduce the carrying amount of fixed assets and net position. Additionally, any impairment loss would increase or decrease the beginning net position.

The carrying value of the arena has been reclassified to show it has become a non-performing asset.

Certain qualified employees of the Authority are enrolled in various union sponsored pension plans. In accordance with Governmental Accounting Standards Board, Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, the Authority is required to disclose certain information in the notes to financial statements related to each of these union sponsored pension plans. Management has decided not to fully implement this standard due to lack of availability of required information by these union sponsored pension plans. This does not have any financial impact on the fund's net position.

Qualified Opinion on the Business-type Activities and NJSEA Enterprise Fund
 In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the business-type and NJSEA Enterprise Fund of the Authority as of December 31, 2017, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions
 In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund other than the business-type and NJSEA Enterprise Fund, and the aggregate remaining fund information of the Authority, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Other Matters

Comparative Financial Information

The financial statements of the Authority as of and for the year ended December 31, 2016, were audited by other auditors whose report dated November 30, 2017, expressed qualified and unmodified opinions on those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of Authority's proportionate share of the net pension liability-PERS, and schedule of Authority contributions-PERS as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards
 In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Manalick, P.C.
Certified Public Accountants

October 10, 2018

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
 (A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2017

Introduction to the Annual Report
 This annual report consists of four parts: Management's Discussion and Analysis ("MD&A"), Financial Statements, Notes to the Financial Statements and Required Supplementary Information.

Management's Discussion and Analysis:

- This section of the New Jersey Sports and Exposition Authority's ("Authority" or "NJSEA"), a component unit of the State of New Jersey, financial statements present an overview of the Authority's financial performance for the year ended December 31, 2017. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the other financial statements described below.

The Financial Statements include:

- The Statements of Net Position, which provide information about the nature and amounts of resources with present service capacity that the Authority presently controls (assets), consumption of net position by the Authority that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Authority has little or no discretion to avoid (liabilities), and acquisition of net position by the Authority that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position.
- The Statements of Net Activities which account for all of the current year's revenues and expenses measures the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.
- The Statement of Cash Flows, reported for its enterprise funds which provide information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.
- The Fiduciary Funds statement provides information about the financial relationships in which the Authority acts as trustee for the benefit of parties outside of NJSEA operations.

The Notes to the Financial Statements provide:

- Information that is essential to understanding the financial statements, such as the Authority's accounting methods and policies.
- Details of contractual obligations, future commitments and contingencies of the Authority.
- Any other events or developing situations that could materially affect the Authority's financial position.

The Required Supplementary Information presents information regarding the Authority's budget versus actual results, the Authority's proportionate share of the net pension liability and employer contributions.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2017

The Authority's Business

The Authority is engaged in the business of owning and maintaining entertainment, convention and environmental facilities throughout the State of New Jersey (the "State"). It was created as a quasi-governmental instrument of the State not only for the purpose of generating revenues from these activities, but also to generate sales tax revenues and provide economic stimulus to the regions surrounding the facilities. The Authority's roles include providing for the proper disposal of solid waste, preserving the environment, establishing and enforcing the zoning and subdivision regulations of the Meadowlands District and the enforcement of New Jersey's Uniform Construction Code.

Below is a description of the Authority's operations:

The Meadowlands Sports Complex - East Rutherford, New Jersey

Meadowlands Racetrack - on December 19, 2011, NJSEA and New Meadowlands Racetrack, LLC ("NMR") entered into a 30-year lease agreement for full operational control of the Meadowlands Racetrack, the development of 4 Off-Track Wagering ("OTW") sites and the transfer of a 35% interest in Account Wagering. The lease has two renewal options for a further 10-year period at its conclusion. On November 23, 2013, NMR moved its operations to a newly constructed grandstand facility opposite the existing grandstand.

Meadowlands Arena (the Arena) - is a 20,000-seat indoor arena with 28 private suites, containing approximately 466 seats. Its revenues are generated from leases and license agreements with sporting events, family shows, and concerts. From April 2015 the NJSEA closed the Arena for public events. The Arena has more recently been used as a place for private rehearsals by acts preparing to go on tour. This has provided the opportunity to defray some of the costs of operating the facility.

American Dream Retail and Entertainment Project (formerly known as the Xanadu Project) - a multi-use attraction currently under construction consisting of approximately 2.9 million square feet of gross leasable space containing entertainment, restaurant and ancillary retail components. On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of the then Xanadu Project, approximately 104 acres at the Meadowlands Sports Complex.

The Authority received pre-payments of ground rent through 2020 in the amount of \$160,000,000. In 2005, the Authority used \$26,800,000 of the prepaid ground rent to purchase the wetland mitigation bank rights on the Empire Tract. The Authority also used \$37,190,000 to defuse tax-exempt bonds attributable to the Project site. Expenses associated with the project that were previously deferred were expensed in 2005. For GAAP purposes revenue is being realized by amortizing the upfront payment over 18 years, starting in 2003.

American Dream's developer, Ameream, LLC, has announced that the complex will be anchored by department stores Saks Fifth Avenue and Lord & Taylor. The complex's many scheduled features include indoor amusement and water parks, a movie theater complex, an observation wheel, an indoor ski and snowboarding slope, and numerous restaurants. The developer has estimated a Spring 2019 opening.

Other - Additionally, the Sports Complex generates revenues from events such as outdoor markets held in the Complex's parking lots.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2017

Land Use Management

The *Land Use Management* division is organized into two groups. One group is responsible for establishing and enforcing the zoning and subdivision regulations of the Meadowlands District. The second group is responsible for enforcing New Jersey's Uniform Construction Code. Together, they preside over the primary land use regulations that govern the 30.4 square-mile Meadowlands District. Redevelopment plans and changes to properties are all reviewed by this department to conform to the Meadowlands Master Plan, its underpinning regulations, and statewide regulations to ensure orderly development.

Other

In addition to the scientific research performed by the Natural Resources Department, the NJSEA conducts critical research to better understand, manage and improve the Meadowlands District's unique ecosystem, including its wetlands, through the Meadowlands Environmental Research Institute (MERI) operated by Rutgers University-Newark. The NJSEA also provides environmental science programs to school children through a partnership with the Ramapo College Foundation.

Financial Analysis

The following sections will discuss the Authority's Financial Position for 2017. Additionally, an examination of major economic factors and industry trends that have contributed to the Authority's operations are provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented include information from the Authority's financial statements, which are prepared in accordance with generally accepted accounting principles ("GAAP").

Highlights (2017)

Total operating revenues were \$51.5M in 2017. Solid Waste accounted for \$12.5M of that total with Sports & Entertainment Facilities contributing another \$13.7M. Total operating expenses (before depreciation and amortization) were \$69.1M for the year; of which \$34.8M were associated with management and administrative expenses and \$7.8 related to solid waste operations.

Financial Summaries

The following tables provide a condensed summary and basic explanation of the changes in the financial statements described above, which are also presented in full detail in this annual report.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2017

Monmouth Park Racetrack - Oceanport, New Jersey

Monmouth Park Racetrack consists of a one-mile oval track for thoroughbred racing, grandstand, and clubhouse seating for 18,000 spectators, 68 luxury open-air boxes and parking for 14,000 vehicles. Support facilities include 40 barns for 1,550 horses. Its revenues are generated from commissions on live and simulcast pari-mutuel wagering, parking, admissions, program and concessions sales.

On February 29, 2012, the Authority and the New Jersey Thoroughbred Horsemen's Association, Inc. ("NJTHA") executed an up to 35-year lease to operate the Monmouth Park Racetrack. The agreement included a 35% interest in account wagering and the rights to build and operate an additional five Off-Track Wagering facilities. The NJTHA took full operational control on May 3, 2012.

New Jersey Account Wagering System (4NJBets)

The Authority is the sole licensee of the State's Account Wagering operations which began in October of 2004 as a joint venture with New Jersey Account Wagering, LLC for the purpose of implementing an account wagering system in the State. The system allows account holders to make wagers through an internet connection or an automated telephone system. In 2012, the Authority entered into a management agreement with Darby Development, LLC ("Darby"), to manage the daily activities of the account wagering operations on the Authority's behalf. The Authority remains the account wagering licensee and retains a majority position on the operating board. As part of the racetrack ground leases, the Authority's 70% financial interest in Account Wagering was transferred in equal shares to NMR (the Meadowlands operator) and to the NJTHA (the Monmouth Park operator), less 5% retained by the Authority.

The Greater Wildwoods Convention Center - Wildwood, New Jersey

The Greater Wildwoods Convention Center (the "Center") is a facility situated on the boardwalk in Wildwood, New Jersey, consisting of a 72,000 square foot exhibition floor and parking for 700 vehicles. Rental of the space for trade shows, concerts, conventions, and meetings comprise the Center's revenues.

Other - The towns of Wildwood, North Wildwood, and Wildwood Crest impose a tourism tax on retail sales. A portion of these revenues are provided to the Authority to operate, maintain and promote the center.

Solid Waste & Natural Resources

The *Solid Waste and Natural Resources* division covers several aspects of the NJSEA's mandates, including providing for the proper disposal of solid waste, preserving the environment and conducting field studies. The Solid Waste division operates the Keegan Landfill in Kearny, leases a trash-transfer station in North Arlington and also leases a vegetative waste disposal site in Kearny.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2017

Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 7,697,166	\$ 12,534,628	\$ 33,913,075	\$ 41,230,002	\$ 41,610,271	\$ 54,370,530
Investment in Facilities	24,909,004	25,468,900	289,929,899	255,022,911	313,838,903	280,491,861
Non-Current Assets	-	-	20,748,214	12,171,623	20,748,214	12,171,623
	<u>32,606,200</u>	<u>38,003,428</u>	<u>343,589,188</u>	<u>309,030,626</u>	<u>376,195,385</u>	<u>347,033,454</u>
Deferred Outflows of Resources	2,065,502	4,120,223	3,689,759	7,344,672	8,675,260	11,474,855
Current and Other Liabilities	255,553	456,258	22,363,424	33,533,354	22,618,977	43,204,930
Long-Term Liabilities	21,890,793	27,158,495	109,561,553	109,647,294	131,452,306	111,799,022
Total Liabilities	<u>22,146,346</u>	<u>27,614,753</u>	<u>131,925,017</u>	<u>142,580,648</u>	<u>154,071,363</u>	<u>154,583,952</u>
Deferred Inflows of Resources	2,331,435	1,189,934	58,200,181	7,755,903	60,531,616	8,944,997
Net Position (as restated)	\$ 10,214,021	\$ 13,328,664	\$ 157,453,745	\$ 165,688,987	\$ 167,667,707	\$ 178,907,561

Condensed Statements of Net Activities

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Operating Revenues and Expenses						
Operating Revenues	\$ 652,033	\$ 5,644,595	\$ 43,903,171	\$ 44,282,932	\$ 44,625,204	\$ 49,926,547
Operating Expenses Excluding Depreciation	(9,932,840)	(13,094,845)	(59,187,117)	(58,984,607)	(69,119,957)	(71,786,513)
Operating Revenues Net of Depreciation and Amortization	(9,280,807)	(8,090,250)	(15,283,946)	(13,612,275)	(24,484,754)	(21,860,225)
Depreciation and Amortization Expense	(604,813)	(894,295)	(9,342,926)	(9,911,044)	(9,947,823)	(10,685,325)
Operating Gain/(Loss)	(9,885,721)	(8,744,540)	(24,549,869)	(23,803,319)	(34,432,577)	(32,545,850)
Non-Operating Income and Expenses						
Luxury Tax, Marketing Fee and Tourism Tax	-	-	4,281,788	3,965,261	4,281,788	3,965,261
State Subsidy	-	-	12,000,000	15,000,000	12,000,000	15,000,000
Interest and Other Income/Expenses	6,779,778	7,147,029	76,836	(1,849,039)	6,850,613	5,297,970
Total Non-Operating Income	<u>6,779,778</u>	<u>7,147,029</u>	<u>16,361,624</u>	<u>17,116,222</u>	<u>23,132,401</u>	<u>24,263,231</u>
Change in Net Position	\$ (3,114,943)	\$ (1,597,517)	\$ (8,188,245)	\$ (6,687,110)	\$ (11,300,176)	\$ (18,282,619)

While the Statements of Net Position show the financial position or net position, the Statements of Net Activities provide answers as to the nature and source of these changes.

Increases in net position consist of:

- Operating revenues, which are the total revenues, generated at all the facilities.
- Marketing fee and tourism tax revenues are funds collected by the State for construction, development, operation, and promotion of the Wildwoods Convention Center as well as to repay the debt incurred on these projects.

Decreases in Net Position consist of:

- Operating expenses, which represent the costs associated with running facilities except for fixed asset acquisitions and capital maintenance costs that are depreciated.
- Depreciation expense which recognizes the cost of capital assets, such as buildings, equipment and improvements, over the life of the asset, usually between 2 and 60 years.
- Interest expense and other, which is the interest paid and accrued on the Authority's debt net of interest income generated on cash reserves held in cash and short-term investments.
- Other income and expenses, which are not directly related to operations, and often, may be non-recurring in nature.

Economic Conditions

- The Authority has been a leader in the racing industry since opening the Meadowlands Racetrack in 1976 and purchasing the Monmouth Park Racetrack in 1986. Casino gaming, lotteries and the emergence of casinos in surrounding states has adversely effected racing which has operated at a net deficit since 2007. In response, NJSEA began the process of leasing its racing operations to private operators. The transfer of operational control was completed in May of 2012.
- On June 20, 2005, the Authority entered into a ground lease and related project agreements for development of the Ithen Xanadu Project, approximately 104 acres at the Meadowlands Sports Complex. The Authority received pre-payments of ground rent through 2020 in the amount of \$160,000,000. Revenue will be realized by amortizing the upfront payment through 2020. As of December 31, 2017, the facility is still under construction.
- On April 20, 2017, the NJSEA entered into a settlement agreement with Feld Entertainment ("Feld"). Feld alleged various breaches of contract and threatened litigation in connection with the closure of the Arena in April 2015. As the settlement was entered prior to the issuance of the December 31, 2016 financial statements of the Authority, the settlement amount of \$1,900,000 was recognized as a liability on the Authority's financial statements as of December 31, 2016 under GASB accounting standards (Codification C50.110). As such, no additional liability has been recorded on the financial statements of the Authority as of December 31, 2017.
- On June 29, 2017, the NJSEA authorized the issuance of Limited Obligation Grant Revenue Bonds in the aggregate principal amount of \$287,000,000 (the "ERGG Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The ERGG Bonds are special limited revenue obligations of the Authority payable from grants received by the Authority pursuant to a State Economic Redevelopment and Growth Incentive Grant Agreement awarded to the developer of the American Dream Project. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin.
- On June 29, 2017, the NJSEA authorized the issuance of Limited Obligation PILOT Revenue Bonds in the aggregate principal amount of \$800,000,000 (the "PILOT Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The PILOT Bonds are special limited revenue obligations of the Authority payable from PILOTS received by the Authority pursuant to a Financial Agreement between the developer of the American Dream Project, the Borough of East Rutherford and the Authority. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin.

Solid Waste

- Revenues are dependent on the volume of solid waste being delivered by haulers either through independent projects or through contracts agreed to with various government entities. The loss of certain county contracts has resulted in a reduction of revenue streams for the facility.
- NJSEA's lease with the Town of Kearny for the Keegan Landfill property expired June 2016. Negotiations between the parties for an extension of the lease failed. NJSEA filed an action to condemn the Keegan Landfill property. The Superior Court of New Jersey affirmed the NJSEA's right to condemn the landfill after a challenge was made by the Town of Kearny. The Town of Kearny has subsequently appealed the court's decision. The appeal was decided in favor of NJSEA. The Town of Kearny requested certification by the New Jersey Supreme Court. The appeal was denied. The Town of Kearny subsequently filed a petition for a Writ of Certiorari with the United States Supreme Court. The petition was denied. A trial on the valuation of the Keegan Landfill is anticipated to occur in 2018. As these legal matters proceed, operations at the landfill continue. The NJSEA received a Temporary Certificate of Authority to Operate (TCAO) for the landfill, which would permit operations up to 100 ft. The Town of Kearny has filed a request for an adjudicatory hearing on the TCAO.

Arena

- From April 2015, the NJSEA closed the Arena to public events. The Arena has, more recently, been used as a place for private rehearsals by acts preparing to go on tour. This has provided the opportunity to defray some of the costs of operating the facility.

The Greater Wildwoods Convention Center

- The Wildwoods Convention Center depends heavily on the number and size of events it can attract and relies on the performance of the tourism industries with which it can coexist. Details of event statistics are presented below.

Wildwoods Convention Center	2017	2016
Number of Event Days	211	241
Total Attendance	176,409	166,640
Net Event Income	\$ 726,288	\$ 608,048

Capital Assets

At the end of 2017, the Authority had a net investment in capital assets of \$319,867,580 at a total capital cost of \$715,770,036 net of accumulated depreciation of \$395,447,516 as shown below.

	December 31, 2016	Reclass	Additions	Transfers and Deletions	December 31, 2017
Meadowlands Sports Complex	\$ 482,943,572	\$ 42,521,447	\$ 489,088	\$ -	\$ 525,954,107
Monmouth Park Racetrack	62,314,429	-	-	-	62,314,429
Wildwoods Convention Center	58,322,994	-	152,892	-	58,475,886
Lyndhurst	40,617,107	-	45,018	-	40,662,125
Transportation Planning District	7,929,508	-	-	-	7,929,508
Solid Waste	19,893,143	-	85,928	-	19,979,071
Total Investment in Facilities	672,020,724	42,521,447	772,926	-	715,315,096
Less Accumulated Depreciation	(384,971,549)	-	(10,475,967)	-	(395,447,516)
Investment in Facilities Net of Accumulated Depreciation	\$ 287,049,175	\$ 42,521,447	\$ (9,703,041)	\$ -	\$ 319,867,580

BASIC FINANCIAL STATEMENTS

Additions to capital assets during 2017 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety upgrades.

Budgetary Controls

The Authority adopts entity-wide operating and capital plans that are approved by its Board of Commissioners. Budgets are a measure of the Authority's financial performance and accountability and are reviewed and revised, although not formally, throughout the year.

Subsequent Events

The Authority has evaluated subsequent events through the date which the financial statements were available to be issued and no additional items were noted for disclosure.

Conclusion

This section of the Annual Report has been provided to assist readers in getting a general overview of the Authority's business, financial position, and fiscal accountability for the funds it generates and receives. If you should have questions about any information in this report, you are requested to contact the New Jersey Sports and Exposition Authority, Finance Department, 1 DeKorte Park Plaza, Lyndhurst, NJ 07071.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 14,860,215	\$ 9,792,349	\$ 24,652,564
Receivables, Net	511,418	4,568,812	5,080,230
Other Assets	-	193,117	193,117
Internal Balances	(5,013,235)	9,013,235	-
Account Receivables - Fiduciary Funds	118,863	294,015	412,878
Capital Assets			
Non Depreciable	20,154,401	117,149,000	137,303,401
Depreciable	4,754,604	171,780,896	176,535,500
Non Current Assets	-	-	-
Investments	-	7,953,457	7,953,457
Notes Receivable	-	12,150,756	12,150,756
Other Assets	-	633,000	633,000
Restricted Assets	-	-	-
Cash	-	3,300,219	3,300,219
Investments	1,219,936	6,751,328	7,971,264
TOTAL ASSETS	32,606,200	343,589,185	376,195,385
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	2,085,602	3,989,758	6,075,359
LIABILITIES			
Accounts Payable and Accrued Liabilities	255,553	7,736,339	7,991,892
Unearned Revenue	-	14,627,084	14,627,084
Long Term Liabilities	21,850,793	109,561,593	131,412,386
TOTAL LIABILITIES	22,146,346	131,925,017	154,071,362
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	2,331,435	15,678,734	18,010,169
Deferred inflows of resources related to other activities	-	42,521,447	42,521,447
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	24,909,004	285,599,328	311,498,332
Restricted for Statutory Requirements	1,219,936	10,051,547	11,271,482
Unrestricted	(15,914,918)	(139,187,129)	(155,102,047)
TOTAL NET POSITION	\$ 10,214,021	\$ 157,453,746	\$ 167,667,767

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET ACTIVITIES
Year Ended December 31, 2017

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Changes for Services	Governmental Activities	Business-type Activities	
Governmental activities:					
Commission operations	\$ (9,781,440)	\$ 644,033	\$ (9,137,407)	\$ -	\$ (9,137,407)
Environmental Center	(750,687)	-	(750,687)	-	(750,687)
MAGNET program	(2,532)	-	(2,532)	-	(2,532)
Other governmental programs	(3,094)	8,000	4,906	-	4,906
Total governmental activities	(10,537,754)	652,033	(9,885,721)	-	(9,885,721)
Business-type activities:					
NJSEA	(59,630,683)	31,433,581	-	(28,197,102)	(28,197,102)
Solid waste	(8,899,354)	12,549,991	-	3,650,237	3,650,237
Total business-type activities	(68,530,036)	43,983,171	-	(24,546,865)	(24,546,865)
Total primary government:	\$ (79,067,790)	\$ 44,635,204	\$ (9,885,721)	\$ (24,546,865)	\$ (34,432,585)
General and program revenues:					
Investment earnings	-	\$ 76,387	\$ 79,836	\$ -	\$ 156,222
Super Storm Sandy reimbursement	-	17,442	-	-	17,442
Lease revenue	-	912,138	-	-	912,138
Rental income solar	-	192,222	-	-	192,222
Composting revenues	-	193,215	-	-	193,215
Other	-	325,374	-	-	325,374
Expense reimbursement	-	5,050,000	-	-	5,050,000
State subsidy	-	-	-	12,000,000	12,000,000
Tourism tax	-	-	-	4,281,788	4,281,788
Total general revenues	6,770,778	18,361,624	18,361,624	12,000,000	33,193,422
Changes in Net Position	-	(3,114,943)	(8,185,241)	(11,300,184)	(11,300,184)
Net Position - beginning	13,328,954	166,630,997	179,959,951	-	179,959,951
Net Position - ending	\$ 10,214,021	\$ 157,453,746	\$ 167,667,767	-	\$ 167,667,767

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	Environmental Center Fund	MAGNET Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 6,624,238	\$ 12,876	\$ 2,306,109	\$ 104,963	\$ 9,046,186
Investments	8,991,847	-	29,125	10,993	7,031,964
Accounts receivable, net	511,418	-	-	-	511,418
Due from other funds	152,248	557,427	688	-	710,363
Total Assets	14,279,751	570,303	2,335,921	115,956	17,301,931
Liabilities and Fund Balances					
Accounts payable	106,154	13,833	-	-	119,987
Accrued expenses	134,038	1,528	-	-	135,566
Due to other funds	8,785,170	744,069	2,481	93,015	9,604,735
Total Liabilities	9,006,362	759,430	2,481	93,015	9,860,288
Fund Balances					
Restricted for:					
Open Space Acquisition	46,000	-	-	-	46,000
Insurance	25,000	-	-	-	25,000
Super Storm Sandy Repairs	80,675	-	-	-	80,675
Other	55,924	-	-	2,000	57,924
Renewable Energy	1,010,337	-	-	-	1,010,337
Committed to:					
Project Commitments	-	-	75,000	-	75,000
Assigned	4,056,454	(189,127)	2,258,440	20,941	2,090,254
Unassigned	4,056,454	-	-	-	4,056,454
Total Fund Balances	5,274,389	(189,127)	2,333,440	22,941	7,441,643
Total Liabilities & Fund Balances	\$ 14,279,751	\$ 570,303	\$ 2,335,921	\$ 115,956	\$ 17,301,931
Amounts reported for governmental funds in the statement of net position are different because of:					
					\$ 7,441,643
Capital Assets Used in governmental activities are not financial resources and therefore are not reported in the funds					
					24,909,004
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds					
				(22,136,626)	
				\$ 10,214,021	

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	General Fund	Environmental Center Fund	MAGNET Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Composting revenues	\$ 193,215	\$ -	\$ -	\$ -	\$ 193,215
Super Storm Sandy revenue	17,442	-	-	-	17,442
Grant revenue	-	-	-	8,000	8,000
Conference revenue	10,000	-	-	-	10,000
Lease revenue	912,138	-	-	-	912,138
MCT reimbursement for services	175,000	-	-	-	175,000
Fee income	644,033	-	-	-	644,033
Expense reimbursement	5,050,000	-	-	-	5,050,000
Other income	130,202	7,721	-	-	137,923
Rental income-solar	192,222	-	-	253	192,222
Interest income	78,794	273	3,519	253	82,839
Total Revenue	7,403,045	7,994	3,519	8,253	7,422,811
Expenditures:					
Current:					
Authority operations	7,914,940	-	-	-	7,914,940
Kearny 1-A access agreement	20,000	-	-	-	20,000
Environmental Center operations	-	246,098	-	-	246,098
Ramapo College Partnership	-	504,559	-	-	504,559
MAGNET expenditures	-	-	2,532	-	2,532
Other expenditures	-	-	-	3,094	3,094
Capital Outlay	45,018	-	-	-	45,018
Total Expenditures	7,979,958	750,687	2,532	3,094	8,736,271
Changes in Fund Balances	(576,912)	(742,693)	987	5,159	(1,313,460)
Fund Balance, beginning of year	9,174,468	553,866	2,332,454	17,782	12,078,270
Fund Balance, end of year	\$ 8,607,556	\$ (189,127)	\$ 2,333,440	\$ 22,941	\$ 10,764,810
Net changes to fund balance - total governmental funds					
					\$ (1,313,460)
Amounts reported for governmental activities in the statement of activities are different because of:					
Capital outlays, net of depreciation expense					
					45,018
Depreciation expense					
					(604,913)
Post employment healthcare benefits, other than pension expense					
					(1,241,587)
Change in net position of governmental activities					\$ (3,114,043)

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2017

	NJSEA Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Investments	\$ 7,951,103	\$ 1,831,246	\$ 9,792,349
Due from State of New Jersey	193,117	-	193,117
Receivables, Net	2,371,898	2,196,914	4,568,812
Due from Other Funds	6,971,704	2,335,547	9,307,251
Total Current Assets	17,497,821	6,363,708	23,861,529
Non Current Assets			
Investments	-	7,953,457	7,953,457
Notes Receivable	12,159,756	-	12,159,756
Other Assets	633,000	-	633,000
Restricted Assets			
Cash	236,758	3,053,451	3,300,219
Investments	-	6,751,328	6,751,328
Capital Assets, Net	288,814,578	115,318	288,929,896
Total Non Current Assets	301,844,052	17,883,565	319,727,617
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	2,283,356	1,706,402	3,989,758
LIABILITIES			
Current Liabilities			
Accounts Payable	279,586	752,246	1,041,832
Accrued Liabilities	5,791,135	208,148	5,999,283
Interest Payable on Bonds and Notes	785,224	-	785,224
Total Current Liabilities	6,765,945	970,394	7,736,339
Long Term Liabilities			
Unearned Revenue	13,514,901	1,112,184	14,627,084
Other Long Term Liabilities	87,156,565	4,753,112	91,909,678
Net Pension Obligation	8,532,365	6,778,982	15,311,347
Bonds Payable	2,340,569	-	2,340,569
Total Long Term Liabilities	111,544,400	12,644,278	124,188,678
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pension	13,771,195	1,907,539	15,678,734
Deferred Inflows of Resources Related to Other Activities	42,521,447	-	42,521,447
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	286,474,009	115,318	286,589,328
Restricted for Statutory Requirements	236,758	9,814,789	10,051,547
Unrestricted	(139,688,485)	501,356	(139,187,129)
TOTAL NET POSITION	\$ 147,022,282	\$ 10,431,464	\$ 157,453,746

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year Ended December 31, 2017

	NJSEA Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES:			
Sports Complex	\$ 11,008,093	\$ -	\$ 11,008,093
Convention Center	2,671,896	-	2,671,896
Entertainment Facilities	8,888,888	-	8,888,888
Solid Waste Revenues	-	13,864,968	13,864,968
Other Operating Revenue	8,864,703	-	8,864,703
Total Operating Revenues	31,433,581	13,864,968	45,298,549
OPERATING EXPENSES:			
Sports Complex	32,453,624	-	32,453,624
Convention Center	6,053,342	-	6,053,342
Solid Waste Expenses	-	4,342,435	4,342,435
General and Administrative	-	2,357,642	2,357,642
Payment in Lieu of Taxes	11,844,051	628,885	12,472,936
Parks and Open Space	-	214,683	214,683
MERL Operations	-	219,083	219,083
Depreciation and Amortization	9,279,665	62,755	9,342,420
Closure Expenses	-	2,389,248	2,389,248
Total Operating Expenses	59,630,683	10,214,731	69,845,414
OPERATING INCOME/(LOSS)	(28,197,102)	3,650,237	(24,546,865)
NON-OPERATING INCOME AND (EXPENSES):			
State Appropriation	12,000,000	-	12,000,000
Tourism Tax Revenue	4,281,788	-	4,281,788
Interest Expense	(59,557)	139,393	79,836
Total Non-Operating Income	16,222,231	139,393	16,361,624
CHANGE IN NET POSITION	(11,974,871)	3,789,630	(8,185,241)
NET POSITION - Beginning of Year	158,997,153	6,641,834	165,638,987
NET POSITION - End of Year	\$ 147,022,282	\$ 10,431,464	\$ 157,453,746

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

Year Ended December 31, 2017

	NJSEA Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 29,211,190	\$ 13,138,974	\$ 38,350,133
Payments to employees	(1,459,760)	-	(1,459,760)
Payments to suppliers	(43,727,625)	(11,319,911)	(55,047,536)
Beneficial reuse materials	-	631,140	631,140
Net cash (used for) provided by operating activities	(20,516,666)	930,372	(19,526,293)
Cash Flows from Noncapital Financing Activities			
Taxes on tax revenues	4,281,788	-	4,281,788
Landfill remediation and post-closure	-	(2,389,188)	(2,389,188)
Net cash provided by (used for) noncapital financing activities	4,281,788	(2,389,188)	1,892,600
Cash Flows from Capital and Related Financing Activities			
State appropriations	12,000,000	-	12,000,000
Purchase of capital assets	(941,980)	(85,928)	(1,027,909)
Repayment of racetrack loans	1,185,936	-	1,185,936
Net cash provided by (used for) capital financing activities	12,543,956	(85,928)	12,458,027
Cash Flows from Investing Activities			
Interest	19,216	173,944	193,201
Purchase of investments	-	(762,469)	(762,469)
Net cash provided by (used for) investing activities	19,216	(588,484)	(569,268)
Net decrease in cash and cash equivalents	(3,671,705)	(2,073,228)	(5,744,934)
Cash and equivalents, beginning of year	11,832,808	3,904,475	15,537,283
Cash and equivalents, end of year	\$ 7,961,103	\$ 1,831,246	\$ 9,792,349
Reconciliation of operating (loss) income to net cash provided by (used) by operating activities:			
Operating (loss) income	\$ (28,197,102)	\$ 3,650,237	\$ (24,546,865)
Depreciation expense	9,279,665	62,755	9,342,420
Landfill remediation and post-closure	-	2,389,188	2,389,188
Change in assets and liabilities:			
(Increase) in Receivables, net	(494,182)	(94,835)	(589,017)
(Increase) in Other Assets	(443,087)	(25,807)	(468,894)
Decrease in Deferred Outflows	1,682,042	1,672,872	3,354,914
Increase in Deferred Inflows	5,861,609	933,296	6,794,905
Decrease in Accounts Payable & Accrued Liabilities	(2,850,750)	(310,939)	(3,161,689)
Increase/(Decrease) in Other Liabilities	6,794,775	(4,835,750)	1,959,025
(Decrease)/Increase in Deferred Revenue	(8,854,955)	190,034	(8,664,921)
Due from other funds	(3,364,483)	(2,381,659)	(5,746,142)
Net cash (used for) provided by operating activities	\$ (20,516,666)	\$ 930,372	\$ (19,526,293)

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

December 31, 2017

	Mitigation Trust	Transportation Planning	Third Party Escrow	Total
ASSETS				
Cash and Investments	\$ 5,086,412	\$ 4,480,299	\$ 139,534	\$ 9,706,245
Receivables, Net	15,400	-	-	15,400
Interfund Receivable	-	63,237	37,542	100,780
Capital Assets - Depreciable, Net	-	6,028,680	-	6,028,680
TOTAL ASSETS	5,101,812	10,572,216	177,076	15,851,104
LIABILITIES				
Accounts Payable & Accrued Liabilities	18,270	129,269	-	147,539
Construction Deposits	267,052	-	-	267,052
Rutherford Post Closure Security	158,048	-	-	158,048
Environmental Remediation	-	-	142,746	142,746
Security Deposits	126,886	-	-	126,886
Interfund Payable	475,357	3,971	34,330	513,658
Contract Retainage Payable	565,199	25,627	-	590,825
TOTAL LIABILITIES	1,610,812	158,867	177,076	1,946,754
NET POSITION				
Invested in Capital Assets, net	-	6,028,680	-	6,028,680
Restricted for:				
Blackstrap Broadcasting escrow	1,739,971	-	-	1,739,971
Bloomberg Escrow	1,636,176	-	-	1,636,176
Main Street Program	151,233	-	-	151,233
Other	(36,380)	4,384,670	-	4,348,290
TOTAL NET POSITION	\$ 3,491,001	\$ 10,413,350	\$ -	\$ 13,904,350

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended December 31, 2017

	Mitigation Trust	Transportation Planning	Thrd Party Escrow	Total
Additions				
Transportation Planning District Fees	\$ -	\$ 1,316,193	\$ -	\$ 1,316,193
Blossberg Lease Revenue	128,805	-	-	128,805
Interest	9,357	6,844	-	16,201
Blackstrap Escrow	172,069	-	-	172,069
	<u>310,231</u>	<u>1,323,037</u>	<u>-</u>	<u>1,633,268</u>
Deductions				
Mitigation Expenses	130,664	-	-	130,664
MASSTR Grant Expenditures	-	1,281,025	-	1,281,025
	<u>130,664</u>	<u>1,281,025</u>	<u>-</u>	<u>1,411,689</u>
Change in Net Position	179,567	42,012	-	221,579
Net Position, Beginning of Year	3,311,434	10,899,972	-	14,211,406
Adjustments to Net Position				
Depreciation Expense	-	(528,634)	-	(528,634)
Net Position, End of Year	<u>\$ 3,491,001</u>	<u>\$ 10,413,350</u>	<u>\$ -</u>	<u>\$ 13,904,350</u>

See notes to financial statements.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Reporting Entity (Continued)

The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report. The NJSEA requires significant subsidies from and has material transactions with the State of New Jersey and depends on certain tax revenues that are economically sensitive.

(b) Basis of Presentation

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied in governmental units. The 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.

Government-Wide Statements

The statement of net position and the statement of net activities display information which includes the overall financial activities of the Authority. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Authority's business-type activities and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. Separate statements for each fund category applicable to the Authority governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Both enterprise funds are considered major. All remaining governmental funds are aggregated and reported as non-major funds.

The Authority reports the following major governmental funds:

- **General Fund.** This is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Environmental Center Fund.** The intention of the Environmental Center fund is to account for all financial resources required to operate the Environmental Center and Science Center.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION

The New Jersey Sports and Exposition Authority (the "Authority" or "NJSEA") was created by the laws of the State of New Jersey of 1971, Chapter 137, and enacted May 10, 1971, as supplemented and amended by Public Law 2015, Chapter 19, enacted on February 5, 2015 (the "Act"). It is constituted as an instrumentality of the State, exercising public and essential governmental functions. The Act empowers the Authority to own and operate various projects, located in the State of New Jersey, including stadiums and other buildings and facilities for athletic contests, horse racing, and other spectator sporting events, trade shows, and other expositions. The Authority is also charged with the solid waste management, environmental protection, and the orderly, comprehensive development and redevelopment of the Hackensack Meadowlands.

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Governmental Accounting Standards Board ("GASB") establishes the criteria used in determining which organizations should be included in these financial statements. The GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, requires the inclusion of government organizations for which the Authority is financially accountable. Financial accountability is defined as: 1) appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or 2) fiscal dependency on the primary government.

The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency.

On February 23, 1998, the Authority assumed the assets and liabilities and undertook the existing operations of the Wildwoods Convention Center. The assets and liabilities were recorded at fair value and the difference was recorded to net assets, invested in capital facilities.

On February 5, 2015, the assets, liabilities and functions of the New Jersey Meadowlands Commission ("NJMC") were assumed by the NJSEA pursuant to the Hackensack Meadowlands Agency Consolidation Act at book value.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Presentation (Continued)

- **MAGNET Fund.** The intention of the MAGNET fund is to set aside funds to be used for tax relief incentives for District municipalities.

Proprietary fund operating revenues, such as fees for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income, result from non-exchange transactions or ancillary activities.

The Authority reports the following major enterprise funds:

- **Solid-Waste-Enterprise Fund.** This fund accounts for the activities of the landfills operated by the Authority, as well as the closure and post-closure costs of such landfills.
- **NJSEA Enterprise Fund.** This fund accounts for activities of the Sports Complex operated by the Authority, which have operations that are leased. The activities of the Wildwood Convention Center are also included in this fund.

The Fiduciary fund accounts for the proceeds of deposits held in trust for others. Mitigation, Meadowlands Adjustment Payments, Transportation Planning District and environmental activities are reported in this fund.

The accounts of the Authority are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

(c) Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and other contributions. Revenue from such non-exchange transactions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to pay liabilities of the current period. The Authority recognizes revenues that are expected to be collected within 90 days of year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest of general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in government funds. Proceeds of long-term debt are reported as other financing sources.

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B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Net Position

The Authority has adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net asset reporting requirement of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

- *Net Investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

(e) Fund Balance Classifications

The Authority has established a policy of classifying fund balances in accordance with Governmental Accounting Standards Board Statement No. 54 as follows:

- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be modified or released only with the consent of resource providers.
- *Committed* fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority. Commitments may be changed or lifted only by the Authority taking the same formal action that originally imposed the constraint.
- *Assigned* fund balance comprises amounts intended to be used by the Authority for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Capital Assets

Capital assets are stated at cost or estimated historical cost. Contributed capital fixed assets are recorded at their estimated fair market value at the time received. Depreciation is provided using the straight-line method over estimated useful lives ranging from five to ten years for all assets. Capital fixed assets related to the Arena are considered non-performing assets and are shown separately in Note D.

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

Buildings	20-60 years
Infrastructure	15 years
Machinery and equipment	2-20 years
Land improvements	10-20 years
Leasehold rights	24 years

The Authority considers any asset acquired or improvement made to any building or facility, with a value over \$1,000 and an estimated useful life over one year, a depreciable capital asset.

(l) Accrued Liability for Closure and Post-Closure Costs

The accrued liability for closure and post-closure costs represents funds collected as part of the solid waste tariff, which are required to be established to pay for the cost of closure and post-closure of landfills.

(m) Payable from Restricted Assets - Landfill Closure

The payable from restricted assets - landfill closure, represents funds collected as part of the solid waste surcharge, determined by the Department of Environmental Protection, which are required to be established to pay for the cost of closure and post closure of landfills. These amounts are based upon engineering studies which are evaluated on an annual basis.

(n) Payment in Lieu of Taxes (PILOT)

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

(o) Cash and Investments

Cash and investments include short-term investments that are carried at cost, which approximates market. The Authority considers all highly liquid investment with a maturity of ninety days or less when purchased to be cash equivalents. Restricted cash investments include short-term investments that are required for a specific purpose related to restrictions that may be contained in bond resolutions.

(p) Accounts Receivable, Net of Allowance for Doubtful Accounts

The Authority evaluates all accounts receivable on an annual basis. An allowance for doubtful accounts is set up by charging operating expense. Amounts are charged against the allowance for doubtful accounts when management believes that collectability of certain receivables are uncertain.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fund Balance Classifications (Continued)

- *Unassigned* fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Authority first spends committed funds, then assigned funds, and finally, unassigned funds.

(f) Accumulated Vacation Time

Salaried employees of the Authority may accumulate vacation time up to a maximum of their total vacation time for one year. This accumulated vacation time must be used within one year of the year earned. Upon termination of employment, salaried employees are entitled to receive a maximum lump sum payment of their accumulated vacation time.

(g) Valuation of Investments

State and local government securities, repurchase agreements, and certificates of deposit are investments in nonparticipating investment contracts which management concludes are not significantly affected by the impairment of the credit standing of the Authority or other factors. Credit ratings for these investments are not available. These investments are recorded at fair market value.

(h) Non-Operating Revenues and Expenses

Non-operating revenues: State payments received related to State Subsidies and Tourism taxes collected; management fees; interest revenue earned on investments and interest expense. Non-operating expenses are recognized in the accounting period in which the liability is incurred.

(i) 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 period. Actual results could differ from those estimates.

(j) Unearned Revenues

Unearned Revenue represents revenues collected but not earned as of December 31, 2017. This primarily consists of ground rent pre-payments and solid waste disposal tickets sold to haulers but still outstanding.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Other Assets

Other assets include prepaid expense, prepaid insurance and loan receivables.

(r) Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so is not recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This section represents an addition of net position that applies to a future period and so is not recognized as an inflow of resources (revenue) until that time.

Deferred outflows are related to pension. Deferred inflows are related to pension and other financing activity.

(s) Income Taxes

The Authority is exempt from federal income taxes under the Internal Revenue Code Section 115 and from state income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for federal and state income taxes.

(t) Recent Accounting Standards

The Authority has evaluated the following pronouncements and their impact on the financial statements:

- GASB Statement 73 - *Accounting and Financial Reporting for Pensions and Related Assets That are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for periods beginning after June 15, 2016 - except for those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016. The Authority has concluded that adoption of GASB Statement 73 had no impact on the financial position, results of operations and cash flows.
- GASB Statement 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. The Authority has concluded that adoption of GASB Statement 74 had no impact on the financial position, results of operations and cash flows.
- GASB Statement 80 - *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, effective for periods beginning after June 15, 2016. The Authority has concluded that adoption of GASB Statement 80 had no impact on the financial position, results of operations and cash flows.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- GASB Statement 81 - *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016. The Authority has concluded that adoption of GASB Statement 81 had no impact on the financial position, results of operations and cash flows.
- GASB Statement 82 - *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for periods beginning after June 15, 2016.

(u) Pending Accounting Standards

The Authority is currently evaluating the effects of the following pronouncements on the financial statements:

- GASB Statement 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- GASB Statement 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB Statement 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB Statement 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2018.
- GASB Statement 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB Statement 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB Statement 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.

C. CASH AND INVESTMENTS

The components of cash and investments are as follows:

	Balance Dec 31, 2017	Fiduciary Fund Balance Dec 31, 2017
Cash and Investments		
Unrestricted		
Cash on Hand	\$ 12,635,222	\$ 9,706,245
Investments	13,725,362	-
NJ Cash Management Fund	8,245,433	-
Unrestricted Cash & Investments	32,606,021	9,706,245
Restricted		
Cash on Hand	3,300,219	-
Investments	7,971,264	-
Restricted Cash & Investments	11,271,483	-
Total Cash and Investments	\$ 43,877,504	\$ 9,706,245

C. CASH AND INVESTMENTS (CONTINUED)

For 2017, restricted cash and investments include \$236,758 on the Camden Aquarium project which is part of the operations of the Wildwoods Convention Center.

All demand deposits and certificates of deposit, except deposits held by the trustee, of any depository must be fully secured by lodging collateral security of obligations secured by the United States with the trustee or bank designated by the Trustee. At December 31, 2017, all demand deposits were collateralized.

The Authority categorizes its fair value measurements within the fair hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the Authority's investments are measured using Level 1 inputs.

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

D. INVESTMENT IN FACILITIES

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

D. INVESTMENT IN FACILITIES (CONTINUED)

	December 31, 2016	Reclass	Additions	Deletions	December 31, 2017
Governmental Activities:					
Capital assets that are not being depreciated:					
Land	\$ 20,154,401	\$ -	\$ -	\$ -	\$ 20,154,401
Total capital assets not being depreciated	20,154,401	-	-	-	20,154,401
Capital assets that are being depreciated:					
Building and building improvements	16,804,245	-	1,250	-	16,805,495
Machinery and equipment	3,658,461	-	43,764	-	3,702,225
Total at historical costs	20,462,706	-	45,014	-	20,507,723
Less accumulated depreciation for:					
Building and building improvements	(10,161,912)	-	(570,730)	-	(10,732,642)
Machinery and equipment	(4,986,255)	-	(34,183)	-	(5,020,438)
Total accumulated depreciation	(15,148,207)	-	(604,913)	-	(15,753,120)
Total capital assets being depreciated	5,314,499	-	(529,899)	-	4,784,600
net of accumulated depreciation	\$ 5,314,499	\$ -	\$ (529,899)	\$ -	\$ 4,784,600
Governmental activities capital assets, net	\$ 25,468,899	\$ -	\$ (584,885)	\$ -	\$ 24,884,014
Business-Type Activities:					
Capital assets that are not being depreciated:					
Land	\$ 117,148,000	\$ -	\$ -	\$ -	\$ 117,148,000
Building and building improvements (1)	33,868,193	-	-	-	33,868,193
Total capital assets not being depreciated	151,016,193	-	-	-	151,016,193
Capital assets that are being depreciated:					
Building and building improvements	302,162,465	42,521,447	485,434	-	345,169,346
Machinery and equipment	46,169,765	-	242,475	-	46,412,240
Total at historical costs	348,332,230	42,521,447	727,909	-	351,581,586
Less accumulated depreciation for:					
Building and building improvements	(219,077,370)	-	(8,489,035)	-	(227,566,405)
Machinery and equipment	(17,239,907)	-	(659,365)	-	(17,900,272)
Total accumulated depreciation	(236,317,277)	-	(9,148,400)	-	(245,465,677)
Total capital assets being depreciated	112,014,953	42,521,447	(8,462,491)	-	146,073,910
net of accumulated depreciation	\$ 112,014,953	\$ 42,521,447	\$ (8,462,491)	\$ -	\$ 146,073,910
Capital assets that are being amortized:					
Landfills	\$ 9,902,136	-	-	-	\$ 9,902,136
Total at historical costs	9,902,136	-	-	-	9,902,136
Less accumulated amortization for:					
Landfills	(5,902,136)	-	-	-	(5,902,136)
Total accumulated amortization	(5,902,136)	-	-	-	(5,902,136)
Total landfills to be amortized	4,000,000	-	-	-	4,000,000
net of accumulated amortization	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 4,000,000
Business-Type activities capital assets, net	\$ 155,021,143	\$ 42,521,447	\$ (8,614,512)	\$ -	\$ 188,928,078
Fiduciary Activities:					
Capital assets that are being depreciated:					
Infrastructure	\$ 7,929,505	\$ -	\$ -	\$ -	\$ 7,929,505
Total at historical costs	7,929,505	-	-	-	7,929,505
Less accumulated depreciation for:					
Infrastructure	(1,372,193)	-	(528,634)	-	(1,900,827)
Total accumulated depreciation	(1,372,193)	-	(528,634)	-	(1,900,827)
Total fiduciary assets being depreciated	6,557,312	-	(528,634)	-	6,028,678
net of accumulated depreciation	\$ 6,557,312	\$ -	\$ (528,634)	\$ -	\$ 6,028,678

(1) Building and building improvements not being depreciated represent the net book value of the Arena, a non performing asset as of December 31, 2017.

E. NOTES RECEIVABLE

The Authority, pursuant to its Racetrack Ground Lease Agreement with the New Jersey Thoroughbred Horsemen's Association Inc. ("NJTHA") and its Racetrack Ground Lease Agreement ("Agreement") with the New Meadowlands Racetrack, LLC is owed Minimum Lease Payments, under both Agreements. The balance due at December 31, 2017, of \$12,159,756 is comprised of the New Jersey Thoroughbred Horsemen's Association Inc. balance of \$11,666,971 and the New Meadowlands Racetrack LLC balance of \$492,785. The notes carry an annual interest rate of 3%.

The Notes Receivable schedule is as follows:

Year	New Jersey Thoroughbred Horsemen's Association	New Meadowlands Racetrack, LLC
2018	\$ -	\$ 492,785
2019	3,080,677	-
2020	2,667,490	-
2021	1,799,281	-
2022	1,749,795	-
Thereafter	2,369,728	-
	\$ 11,666,971	\$ 492,785

F. LONG TERM LIABILITIES

During 2017, the following changes in components of long term liabilities were:

	Balance December 31, 2016	Issued	Retired	Balance December 31, 2017	Due Within One Year
Governmental Activities:					
PERIS Pension Liability	\$ 14,810,447	\$ -	\$ (5,525,025)	\$ 9,285,422	\$ -
Chapter 19, P.L. 2009 Liability	146,678	-	(7,338)	139,340	7,400
Compensated Absences	787,693	25,342	-	813,035	-
Other Post Employment Benefits	11,413,687	1,230,319	-	12,644,006	-
	\$ 27,158,495	\$ 1,255,661	\$ (5,532,363)	\$ 21,881,793	\$ 7,400
Business-Type Activities:					
NJSEA Enterprise					
Bonds Payable	\$ 2,304,037	\$ -	\$ (53,468)	\$ 2,250,569	\$ 1,043,816
PERIS Pension Liability	13,627,162	-	(5,294,797)	8,332,365	-
Chapter 19, P.L. 2009 Liability	492,400	-	(21,530)	470,870	21,000
Workman's Comp Claims	8,707,585	577,152	(1,256,624)	7,968,513	1,256,624
Other Post Employment Benefits	15,875,318	2,040,480	-	17,915,798	-
Compensated Absences	218,600	-	(138,623)	79,977	-
Union Pension Liabilities	47,622,079	11,045,870	(459,493)	58,212,456	1,200,000
Environmental Remediation	3,005,000	-	(950,000)	2,055,000	-
Other Liabilities	201,931	296,507	-	498,438	-
Solid Waste Enterprise					
Closure Liabilities	4,189,205	192,846	-	4,382,051	-
PERIS Pension Liability	12,111,639	-	(5,338,657)	6,772,982	-
Chapter 19, P.L. 2009 Liability	120,010	-	(6,056)	113,954	6,000
Compensated Absences	257,629	-	(554)	257,075	-
	\$ 109,047,294	\$ 14,075,355	\$ (13,561,050)	\$ 109,561,599	\$ 3,683,440

NOTES TO FINANCIAL STATEMENTS

G. BONDS AND NOTES PAYABLE

Bonds and notes payable consist of the following:

	NJDEP Fund Loan (Note Payable)	NJDEP Trust Loan (Note Payable)	Wildwood Bonds Payable	Interest	Total
2018	\$ 38,468	\$ 15,000	\$ 949,970	\$ 39,748	\$ 1,043,186
2019	18,787	15,000	192,297	34,308	260,392
2020	-	15,000	197,105	28,900	241,005
2021-2024	-	60,000	838,942	58,928	957,870
	<u>\$ 57,255</u>	<u>\$ 105,000</u>	<u>\$ 2,178,314</u>	<u>\$ 161,884</u>	<u>\$ 2,502,453</u>

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

On November 8, 1999, the Authority entered into The Omnibus Intergovernmental Agreement with the City of Wildwood, the Borough of Wildwood Crest, the City of North Wildwood, the Greater Wildwoods Tourism Improvement and Development Authority and the Treasurer of the State of New Jersey. This agreement restated the original terms and conditions of the Authority's assigned obligation under the bonds and replaced the previous Bond Resolution. Under the terms of the new agreement, repayment of principal and interest is to be funded by the Available Revenues of the Wildwoods Convention Center after payment of operating expenses, funding of the maintenance reserve fund and payments in lieu of taxes. Should available revenues be insufficient to provide the required debt service amount any unpaid portion accrues to the following year to be funded by that year's available revenues. If it should be deemed necessary, the Authority may request an express separate appropriation from the State Treasurer to cover any shortfall. The Authority does not pledge the revenues, rents fees, rates, charges or other income derived from operations or ownership of any of its other projects, to the repayment of these bonds. In 2017 there was not enough available revenue after the above-mentioned expenses to make any payment on debt service for these Revenue Bonds.

Interest Costs - Interest costs for the year 2017 were \$54,457.

NOTES TO FINANCIAL STATEMENTS

I. CONDUIT DEBT (CONTINUED)

payment of the principal or redemption price of and interest on such bonds. The State Contract Bonds are paid solely by the State of New Jersey.

The principal amount outstanding on the State Contract Bonds at December 31, 2017, was \$301,870,000. This amount is excluded from the financial statements of the Authority.

Limited Obligation Grant Revenue Bonds

On June 29, 2017, the NJSEA authorized issuance of Limited Obligation Grant Revenue Bonds in the aggregate principal amount of \$287,000,000 (the "ERGG Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The ERGG Bonds are special limited revenue obligations of the Authority payable from grants received by the Authority pursuant to a State Economic Redevelopment and Growth Incentive Grant Agreement awarded to the developer of the American Dream Project. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

Limited Obligation PILOT Revenue Bonds

On June 29, 2017, the NJSEA authorized issuance of Limited Obligation PILOT Revenue Bonds in the aggregate principal amount of \$800,000,000 (the "PILOT Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The PILOT Bonds are special limited revenue obligations of the Authority payable from PILOTs received by the Authority pursuant to a Financial Agreement between the developer of the American Dream Project, the Borough of East Rutherford and the Authority. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

J. TOURISM TAX

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

K. GROUND LEASES

Monmouth Park Racetrack

On February 29, 2012, the Authority entered into the Agreement with the NJTHA whereby the Authority leases real property located in the Borough of Oceanport, County of Monmouth, on which the Authority has constructed a thoroughbred racetrack. The NJTHA took full operational control on May 3, 2012.

NOTES TO FINANCIAL STATEMENTS

G. BONDS AND NOTES PAYABLE (CONTINUED)

Notes payable consist of the following:

	Date Issued	Original Amount	December 31, 2017
Loan from the NJDEP Infrastructure Loan through August 1, 2024, at 0.00%	3/1/2010	\$564,000	\$ 57,255
Loan from the NJDEP Infrastructure Trust Loan through August 1, 2024, at various rates between 3% and 5%	3/1/2010	180,000	<u>105,000</u>
Total Notes Payable			<u>\$162,255</u>

On March 1, 2012, the Authority entered into an agreement with the State of New Jersey acting by and through the New Jersey Department of Environmental Protection ("NJDEP") in which the Authority received the proceeds of a \$564,000 loan from the NJDEP Infrastructure Fund and a \$180,000 loan from the NJDEP Infrastructure Trust. The proceeds were used to pay for the purchase of equipment for the purpose of cleaning and maintaining storm drains. The interest was calculated at 0.00% on the NJDEP Infrastructure Fund Loan and is for a term of 24 years. The interest was calculated between 3.00% and 5.00% on the NJDEP Infrastructure Trust Loan and is for a term of 24 years. Interest cost for 2017 on the NJDEP Infrastructure Fund Loan was \$5,100.

H. OPERATING LEASES

The Authority has commitments to lease certain buildings and office equipment under operating leases that expire through 2031. Total operating lease payments made during the year ended December 31, 2017, were \$244,442. Future minimum lease payments are as follows:

Year Ended December 31,	Amount
2018	\$ 244,442
2019	223,857
2020	197,932
2021	197,932
2022	197,932
2023-2027	989,660
2028-2032	791,728
	<u>\$ 2,843,484</u>

I. CONDUIT DEBT

State Contract Bonds

The New Jersey Sports and Exposition Authority issued State Contract Bonds to fund various capital improvements of the Authority on behalf of the State of New Jersey. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

None of the Authority's revenues, rents, fees, rates, charges or other income and receipts derived by the Authority from its operation or ownership of any of its projects are pledged or assigned to the

NOTES TO FINANCIAL STATEMENTS

K. GROUND LEASES (CONTINUED)

The initial term of the Agreement runs through December 31, 2016, with 3 ten-year renewal terms. As of December 31, 2016, NJTHA has given timely notice of exercising the first of 3 ten-year renewals.

Meadowlands Racetrack

On December 19, 2011, the Authority entered into the Agreement with New Meadowlands Racetrack, L.L.C. ("NMR") whereby the Authority leases real property located in the Borough of East Rutherford, County of Bergen, on which the Authority has constructed a thoroughbred racetrack. NMR has full operational control of the racetrack.

The initial term of the Agreement runs through December 31, 2042, with 2 ten-year renewal terms.

MetLife Stadium

On December 21, 2006, the Authority entered into the Stadium Project Ground Lease and Development Agreement with New Meadowlands Stadium Company, LLC ("NMSCO") whereby the Authority leases real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, on which NMSCO has constructed a sports stadium known as "MetLife Stadium." NMSCO has full operational control of MetLife Stadium.

The initial term of the Stadium Project Ground Lease and Development Agreement is for 39 years from completion of the stadium construction with four (4) renewal options of 174 months each.

Giants Training Facility

On August 13, 2007, the Authority entered into a Lease and Development Agreement ("Training Facility Lease") with the Giants Training Facility, LLC ("GTF") to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey. GTF entered into the Training Facility Lease to construct a training and practice facility on approximately 20 acres of land located at the Sports Complex ("Training Facility"). GTF has completed the construction of the Training Facility and has full operational control of it.

The initial term of the Training Facility Lease is for 39 years with four (4) additional renewal terms of 174 months each.

Jets Training Facility

On February 9, 2007, the Authority entered into a Lease and Development Agreement ("Jets Training Facility Lease") with Florham Park Development, LLC ("FPD") to lease certain real property located in the County of Morris, Borough of Florham Park, State of New Jersey. FPD entered into the Jets Training Facility Lease to construct a training and practice facility for the New York Jets Football Team ("Training Facility"). FPD has completed the construction of the Training Facility and has full operational control of it.

The initial term of the Jets Training Facility Lease is for 17 years with sixteen (16) additional renewal terms of five (5) years each and a final renewal term of two (2) years.

K. GROUND LEASES (CONTINUED)

American Dream Project (Formerly the Xanadu Project)

Entertainment and Retail Component

On June 30, 2005, the Authority entered into the ERC Ground Lease ("ERC Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate an entertainment/retail complex ("ERC") and associated parking areas on a 66.04 acre plot within the Sports Complex. Ameream LLC, a member of the Triple Five Worldwide Group of companies, acquired the ERC development rights in 2013 and is currently working to complete the construction of the ERC (now called "American Dream"), which is anticipated to open in part in the Spring of 2019. Ameream has full operational control of the ERC site.

The term of the ERC Ground Lease runs through June 9, 2092.

Hotel Component

On June 30, 2005, the Authority entered into the Hotel Ground Lease ("Hotel Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate a hotel on a 3.23 acre plot within the Sports Complex. Meadow Hotel, LLC, a member of the Triple Five Worldwide Group of companies, acquired the hotel development rights in 2013. Construction of the hotel has not yet started. The tenant has full operational control of the hotel site.

The term of the Hotel Ground Lease runs through June 9, 2092.

Office A-B Component

On June 30, 2005, the Authority entered into the A-B Office Ground Lease ("A-B Office Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate a 440,000 square foot Class A office space ("A-B Office") on a 7.16 acre plot within the Sports Complex. Meadow A-B Office, LLC, a member of the Triple Five Worldwide Group of companies, acquired the A-B Office development rights in 2013. Construction of the A-B Office has not yet started. The tenant has full operational control of the A-B Office site.

The term of the A-B Office Ground Lease runs through June 9, 2092.

Office C-D Component

On June 30, 2005, the Authority entered into the C-D Office Ground Lease ("C-D Office Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate a 440,000 square foot Class A office space ("C-D Office") on a 6.65 acre plot within the Sports Complex. Meadow C-D Office, LLC, a member of the Triple Five Worldwide Group of companies, acquired the C-D Office development rights in 2013. Construction of the C-D Office has not yet started. The tenant has full operational control of the C-D Office site.

The term of the C-D Office Ground Lease runs through June 9, 2092.

K. GROUND LEASES (CONTINUED)

Baseball Stadium Component

On June 30, 2005, the Authority entered into a Baseball Stadium Ground Lease ("Baseball Stadium Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey to construct, develop and operate a baseball stadium ("Baseball Stadium") on a 9.38 acre plot within the Sports Complex. Meadow Baseball, LLC, a member of the Triple Five Worldwide Group of companies, acquired the Baseball Stadium development rights in 2013. Construction of the Baseball Stadium has not yet started. The tenant has full operational control of the Baseball Stadium site.

The term of the Baseball Stadium Ground Lease runs through June 9, 2092.

Sports Complex Cell Tower Leases

North Site

On May 23, 2011, the Authority entered into a Wireless Telecommunications Facility Lease Agreement ("North Cell Tower Lease") with Wireless EDGE Westchester Group LLC ("Edge") to lease approximately 6,500 square feet of land at the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey. Edge entered into the North Cell Tower Lease to construct a tower to accommodate multiple wireless carriers as well as the Authority's public service antennas.

The initial term of the North Cell Tower Lease runs through September 13, 2023, with two (2) renewal terms of ten (10) years each.

South Site

On May 23, 2011, the Authority entered into a Wireless Telecommunications Facility Lease Agreement ("South Cell Tower Lease") with Wireless EDGE Westchester Group LLC ("Edge") to lease approximately 6,750 square feet of land at the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey. Edge entered into the South Cell Tower Lease to construct a tower to accommodate multiple wireless carriers as well as the Authority's public service antennas.

The initial term of the South Cell Tower Lease runs through August 18, 2022, with two (2) renewal terms of ten (10) years each.

L. DEFERRED COMPENSATION PLANS

Salaried employees of the Authority are eligible for participation in a section 401(k) deferred compensation plan, the New Jersey Sports and Exposition Authority Savings and Investment Plan. Until July 31, 2011, the Authority contributed a maximum of 4% of the employee's salary up to the IRS maximum less the portion attributable to the State pension plan ("PERS"), effective August 1, 2011, the Authority discontinued its employer contribution. Annual employee contributions for 2017 were \$166,055.

L. DEFERRED COMPENSATION PLANS (CONTINUED)

The Authority also participates in two deferred compensation plans as follows:

(a) New Jersey State Employees Deferred Compensation Plan. This Plan is an IRC Section 457 deferred compensation plan administered by the State of New Jersey and, accordingly, is included in the financial statements of the State. The Plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan is funded solely from voluntary employee contributions. Employee contributions and investment earnings thereon are a part of the State Plan. Employees may defer a maximum 50% of their salary or \$17,500, whichever is less. Investments are on an individual participant basis and the total investment for all the Authority employees is unknown.

(b) Valic Retirement – This 457(b) plan, which commenced operations on December 31, 1985, is funded solely from voluntary employee contributions. The Plan is administered by Valic Retirement. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the participating employees and are not included in the accompanying financial statements. Employee contributions in 2017 were \$15,925.

M. PUBLIC EMPLOYEE RETIREMENT SYSTEM

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers - Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016:

Inactive plan members or beneficiaries currently receiving benefits	170,124
Inactive plan members entitled to but not yet receiving benefits	650
Active plan members	254,685
Total	425,459

Significant Legislation – For State of New Jersey contributions to the PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012 and a payment in each subsequent fiscal year that increases by at least an additional 17th until payment of the full contribution is made in the seventh fiscal year and thereafter.

M. PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of the PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, cost of living adjustment increases were suspended for all current and future retirees of the PERS.

Total PERS covered payroll was \$6,805,889. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Authority to active employees covered by the Plan.

Specific Contribution Requirements and Benefit Provisions – The contribution policy is set by N.J.S.A. 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016 and increased to 7.2% for State fiscal year 2017, commencing July 1, 2016. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers' of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of the assets. The Authority's cash basis contributions to the Plan for the years ended December 31, 2017, were \$939,063. Authority contributions are due and payable on April 1 in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Authority payments to PERS for the years ending December 31, 2017, consisted of the following:

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

	2017
Normal Cost	\$ 123,600
Amortization of Accrued Liability	769,650
Total Pension	893,290
NetGI Premiums	45,773
Total Regular Billing	939,063
Additional Billings and Adjustments:	
ERI 2	1,525
ERI 3	-
Ch. 19, P.L. 2009	105,332
Total PERS Payment	\$ 1,045,921

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007, and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008, and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010, and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62, and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tiers 3 and 4 members with 25 years or more of service before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to PERS – At June 30, 2017, the Authority's proportionate share of the net

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates – Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-term Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits and the actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2017, are summarized in the following table:

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$23,596,769 or 0.1013676481%.

For the year ended December 31, 2017, the Authority recognized PERS expense of (\$3,118,899). At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 555,622	\$ -
Changes in assumptions	4,753,935	4,738,507
Net difference between projected and actual earnings on pension plan investments	162,678	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	125,193	13,273,662
Authority contributions subsequent to the measurement date	469,512	-
	<u>\$ 9,075,339</u>	<u>\$ 16,010,169</u>

The \$469,532 shown as deferred outflows of resources related to the PERS resulting from Authority contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PERS should have been recognized in pension expense as follows:

Year ended	Amount
December 31,	
2018	\$ (3,388,050)
2019	(2,261,042)
2020	(2,774,104)
2021	(2,587,902)
2022	(1,393,243)
Total	<u>\$ (12,404,341)</u>

Actuarial Assumptions– The total pension liability in the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases (through 2026)	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.00%

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease	At current discount rate	At 1% Increase
PERS	\$29,273,392	\$23,596,768	\$18,867,437

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M. PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in a separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information Related to the Local Group:

Collective deferred outflows of resources	\$5,396,431,901
Collective deferred inflows of resources	\$4,672,602,040
Collective net pension liability	\$23,278,401,588
Authority’s portion	0.1013676481%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017, is \$1,679,010,145.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72 and 6.44 years, respectively.

N. UNION SPONSORED PENSION PLANS

Some Authority employees are participants in certain pension plans administered by local unions and contributions are made in accordance with terms of the union agreements of those employees. There are about 7 active unions participating in their own pension plans in accordance with each specific union agreement and based on each of the applicable union job trades. The total combined employer contribution for all participating unions in 2017 was \$2,091,155 and equal to the required contribution for the year.

Union plan financial statements may be obtained by writing to the relevant address below:

Local 825 (Operating Engineers) 65 Springfield Ave Springfield, NJ 07081	Local 472 (Parking) 905 16 th Street Washington, DC 20006	Local 1412 (Security/EMT) 905 16 th Street Washington, DC 20006
Local 560 (Teamsters) PO Box 8037 Summit Avenue Station Union City, NJ 07087	Local 164 (Electricians) 425 Eagle Rock Avenue Suite 105 Roseland, NJ 07068	Local 472 (Laborers) 700 Raymond Blvd Newark, NJ 07105
Local 68 (HVAC) PO Box 534 West Caldwell, NJ 07005		

O. POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

in accordance with the Projected Unit Credit Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years, which represents the estimated remaining life of the Plan. For the fiscal year ended December 31, 2017, the Authority’s annual OPEB cost (expense) of \$5,136,253 was \$2,801,438 more than the ARC due to interest on the unfunded ARC, and an adjustment to the ARC. The following table shows the components of the Authority’s annual OPEB cost for the year, the amount that actually contributed to the Plan and changes in the Authority’s net OPEB obligation to the Plan for the year ended December 31, 2017:

Annual Required Contribution (ARC)	\$ 2,334,815
Interest on unfunded ARC	1,228,005
Adjustment to the ARC	1,573,433
Annual OPEB cost	5,136,253
Less: contributions made/funded	1,847,455
Unfunded ARC	3,288,798
Net OPEB obligation - beginning of year	27,289,005
Net OPEB obligation - end of year	\$ 30,577,803

The Authority’s annual OPEB cost, the percentage of annual OPEB cost, contributions to the Plan, and the net OPEB obligation for the fiscal year ended December 31, 2017, 2016 and 2015 were as follows:

Year Ended December 31,	OPEB Cost	Authority Contribution	OPEB Cost Contributed	OPEB Obligation
2017	\$ 5,136,253	\$ 1,847,455	35.97%	\$ 30,577,803
2016	4,390,549	1,833,895	41.80%	27,289,005
2015	4,605,357	1,510,453	32.80%	24,732,351

Funded Status and Funding Progress: As of December 31, 2017, the date of the most recent actuarial valuation, the accrued liability for benefits was \$46,209,250; the unfunded actuarial accrued liability (UAAL) was \$47,127,837. The covered payroll (annual payroll of active employees covered by the plan) was \$6,500,000 and the ratio of the UAAL to the covered payroll was 711%. The value of the assets in the fund as of December 31, 2017, is zero (based on the latest actuarial valuation) since benefit is unfunded. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presents multi-year trend information as it becomes available and will show whether the value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

N. UNION SPONSORED PENSION PLANS (CONTINUED)

Mass Withdrawal Liability and Annual Payments Related to Local 137

During 2007, the Authority withdrew from the pension plan of Local 137 (Mutuels) causing a mass withdrawal termination for that plan. Based upon this termination, the Authority is obligated to make annual payments to satisfy the employer’s contribution.

The amount of the Authority’s obligation, based on actuarial estimates, is approximately \$51.5 million and is recognized in the 2017 financial statements. The Authority will make annual cash payments of \$1.2 million to cover this liability.

Mass Withdrawal Liability and Annual Payments Related to Other Unions

In May 2012, the Authority leased the Monmouth Park operations to a private operator effectively ending its participation in the racing industry. As a result, in 2013, two unions issued employer withdrawal demand notices to the Authority which were recognized in the 2013 financial statements: the amount of the Authority’s obligations based on the demand letters are approximately Teamsters Local 469 - \$3.1 million and Plumbers Local 9 \$350,000. The Authority will make annual cash payments of \$222,225 to cover this liability.

In June 2015, withdrawal demand notices were recognized for Local 1430, the amount of the obligation is \$188,778 with annual payments of \$25,708.

In February 2017, withdrawal demand notices were recognized for Teamsters Local 560, the amount of the obligation is \$4,420,627. The Authority will make annual payments of \$221,031 which started in March 2017.

O. POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description: Employees who retire from the Authority may be eligible for subsidized post-employment medical and prescription drug benefits based on the number of years of service completed. Certain retirees are eligible for Medicare Part B premium reimbursement. No subsidized coverage for dental, vision or life insurance is available. Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a fully insured basis through the New Jersey State Health Benefits Program for Local Government Employer Groups. Currently, individuals participate in the NJ Direct 10 plan or the NJ Direct 15 plan.

Funding Policy: Contribution rates for future retirees will be based on the State of New Jersey’s contribution formula with implementation of Chapter 78. Contributions are calculated using a varying formula based on the retirees’ base salary at retirement with a minimum contribution of 1.5% of base salary. Active employees hired prior to implementation of Chapter 78 (June 28, 2011) with less than twenty (20) years of service at implementation will have their contribution phased in over a four (4) year period. Employees hired on or after June 28, 2011, are required to contribute seventeen (17%) of the benefit cost (the Authority pays 83% of the cost).

Annual OPEB Cost and Net OPEB Obligation: The Authority’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined

O. POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Unfunded Actuarial Liability as a Percentage of Covered Payroll
1/1/2017	\$ -	\$ 47,124,837	\$ 47,124,837	0%	6,507,211 713%
1/1/2016	-	46,209,250	46,209,250	0%	6,500,000 711%
1/1/2015	-	45,962,357	45,962,357	0%	6,524,688 694%

Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs paid by the employer to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in estimated accrued liabilities and the estimated value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2014, 2015 and 2016 valuations, the Projected Unit Credit Cost Method was used. The service cost was determined for each active employee as the actuarial present value of benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the Plan’s benefit formula. This allocation is based on each individual’s service between the date of hire and date of full benefit eligibility. The assumptions include a discount rate of 4.5%. Males are assumed to be three years older than females unless actual spouse date of birth information was provided. Surviving dependents of plan members of the former NJMC who elect coverage receive the same subsidy as retirees. Surviving dependents of plan members of the NJSEA may elect coverage but pay 100% of the cost.

The amortization cost for the UAAL is a level percentage of payroll for a period of thirty years. The Authority has elected an open amortization period.

P. POLLUTION REMEDIATION COSTS

Effective 2008, pollution remediation costs were recognized as a liability on the Statements of Financial Position and an operating expense provision was made in the Statements of Revenues, Expenses and Changes in Net Position in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The remediation involves current and future activities related to testing, recovery, and cleanup of soil, subsurface water and ground level streams at various Authority sites. Contaminated sites include Meadowlands-Xanadu, the new stadium area, and the Meadowlands and Monmouth race tracks. The Authority estimates the cost to be \$5,196,000. The total payments made since 2007 were \$2,846,000, and charged to the Statements of Revenues, Expenses and Changes in Net Position in each respective year.

Q. CLOSURE AND POST CLOSURE REQUIREMENTS

Estimated future expense for environmental remediation is \$2,055,000 and is reflected on the Statement of Net Position. Estimated recovery related from remediation reduces the measurement of this liability. There was no remediation recovery on the above sites during 2017. The Authority is currently pursuing remediation recovery methods and assumptions used included historical data and engineering estimates. The pollution remediation liability is an estimate and is subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

Q. CLOSURE AND POST CLOSURE REQUIREMENTS (CONTINUED)

The Authority has set aside funds for closure and post-closure for its landfills. In the event the monies in the statutory accounts are not sufficient, the State of New Jersey will address any future liabilities for closure and post-closure for its landfills. The assumption of this liability by the State occurred in CY2003, when the Authority transferred \$50 million from its closure and post-closure accounts to the State's General Fund to meet its statutory obligations under the New Jersey State 2003-2004 budget.

R. KEEGAN LANDFILL

NJSEA's lease with the Town of Kearny for the Keegan Landfill property expired in June 2016. Negotiations between the parties for an extension of the lease failed. NJSEA filed an action to condemn the Keegan Landfill property. The Superior Court of New Jersey affirmed the NJSEA's right to condemn the landfill after a challenge was made by the Town of Kearny. The Town of Kearny has subsequently appealed the court's decision. The appeal was decided in favor of NJSEA. The Town of Kearny requested certification by the New Jersey Supreme Court. The appeal was denied. The Town of Kearny subsequently filed a petition for a Writ of Certiorari with the United States Supreme Court. The petition was denied. A trial on the valuation of the Keegan Landfill is anticipated to occur in 2018. As these legal matters proceed, operations at the landfill continue. The NJSEA received a TCAO for the landfill, which would permit operations up to 100 ft. The Town of Kearny has filed a request for an adjudicatory hearing on the TCAO.

S. MEADOWLANDS AREA GRANTS FOR NATURAL AND ECONOMIC TRANSFORMATION (MAGNET)

In calendar year 2005, the MAGNET Program was launched. The intention of the MAGNET is to enhance the existing Municipal Aid Program (MAP), by ensuring that monies are set aside for tax relief incentives for District municipalities. A detailed budget outlining the amounts appropriated for MAP, environmental, economic development and capital improvements initiatives is currently in place. As of December 31, 2017, the balance in the MAGNET fund was \$2,333,440, of which \$75,000 was committed.

V. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Workmens' compensation claims liability, claims incurred, and claims paid are provided below.

	Reconciliation of Workmens' Compensation Claims Liability	
	Year Ended December 31,	
	2017	2016
Claims - January 1	\$ 8,707,983	\$ 9,507,729
(Decrease)/Increase in provision	577,152	959,550
Claims paid	(1,295,624)	(1,759,295)
Claims - December 31	7,889,512	8,707,983
Less: current portion	1,295,624	1,759,295
Long term liability	\$ 6,593,888	\$ 6,948,688

At year-end approximately \$236,758 in current assets and liabilities was related to funds received from the State to administer the Camden Aquarium Project. The activity in the fund created for this purpose has no effect on the Authority's revenues or expenses.

On June 14, 2004, the Authority entered into a Participation agreement to license and operate an account wagering system in New Jersey pursuant to the Off-Track and Account Wagering Act (P.L. 201, c. 199) and the regulations promulgated by the New Jersey Racing Commission. Under the agreement the Authority began operating an on-line account wagering system and has contributed 70% of start-up costs for the project, appointed an Operating Board and conducts and accounts for all day-to-day operations in return for 70% of available net project revenues or losses as defined by the agreement. The Authority's 70% financial interest was transferred to the New Meadowlands Racetrack, (35%) and the NJTHA, (35%) as part of a long-term lease agreement to assume the operating rights of the racetracks and off-track wagering sites.

On October 21, 2009, the Authority undertook a project consisting of construction of a new storm water basin and to purchase equipment for the project in order to alleviate storm water runoff at Monmouth Park Racetrack. The total cost for the equipment and the project is estimated at \$26,600,000, which includes capitalized interest, debt service and administrative expenses, and will be financed through loans from the New Jersey Environmental Infrastructure Trust and the NJDEP. The Borough of Oceanport applied for the project loan (not to exceed \$23,500,000), and the Authority applied for the equipment loan (not to exceed \$850,000) with the above financing authorities. The Authority pays the Borough a special assessment that is substantially similar to the Borough's loan repayment schedule and manages the project at its own cost. The project was completed in 2012 and repayment on the loans began in 2010 and ends in 2029.

T. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2017 consist of the following:

Due from	Fund	Due to
Other Funds	Governmental Funds	Other Funds
\$ 152,248	General Fund	\$ 8,765,170
557,427	Environmental Center	744,069
688	MAGNET	2,481
-	Study	93,015
	Enterprise Fund	
5,122,934	Solid Waste	2,787,387
6,971,704	NJSEA Enterprise Fund	-
	Fiduciary Funds	
-	Mitigation Trust	475,357
37,542	Third Party Casework	34,330
63,237	Transportation Planning District	3,971
\$ 12,905,780	Total	\$ 12,905,780

U. RISK MANAGEMENT

Property and Liability Insurance

The Authority maintains commercial insurance coverage for property, liability and surety bonds that covers the risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage.

New Jersey Unemployment Compensation Insurance

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State. There were no reimbursements which were required to be paid to the State for the current year.

V. COMMITMENTS AND CONTINGENCIES

The Authority is exposed to risks of losses related to injuries to employees. The Authority has established a risk management program to account for and finance its uninsured risks of loss related to workmens' compensation. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Claims are based on actuarial valuation.

W. CONCENTRATION OF RISK

The State of New Jersey appropriated and remitted to the Authority \$12 million in state aid. This amount is used to fund the General Fund operations. This state aid offsets 49% of the Authority's 2017 operating loss.

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET VERSUS ACTUAL
Year Ended December 31, 2017**

REQUIRED SUPPLEMENTARY INFORMATION

	Original Budget	Budget Transfer/Adjustment	Final Budget	Actual	Variance
Revenues:					
East Rutherford					
NEJCO Ground Lease	\$ 6,300,000	\$ -	\$ 6,300,000	\$ 6,300,000	\$ -
NEJCO Shared Services	5,901,000	-	5,901,000	6,000,000	99,000
Arena Revenue	400,000	-	400,000	500,000	100,000
Admission Ticket Reimbursements	2,291,000	-	2,291,000	3,140,263	849,263
Entertainment Facilities	-	-	-	8,388,888	8,388,888
(2) Convention Center	-	-	-	2,511,196	2,511,196
(2) Tourism Tax Reimbursement	-	-	-	4,281,796	4,281,796
Misc. Other	4,920,000	-	4,920,000	4,602,891	(317,109)
Total - East Rutherford	19,812,000	-	19,812,000	26,124,934	6,312,934
Lynchhurst					
Lease Revenues	1,340,000	-	1,340,000	1,247,072	(92,928)
Land Use Fee Income	807,000	-	807,000	444,031	(362,969)
Misc. Other	100,000	-	100,000	491,201	391,201
Total Operating Revenue - Lynchhurst	2,247,000	-	2,247,000	2,182,304	(64,696)
Solid Waste Revenue	12,187,000	-	12,187,000	12,548,161	361,161
Total Revenue	33,826,000	-	33,826,000	50,717,057	16,891,057
Expenditures:					
East Rutherford					
Salaries/Fringe	4,850,000	-	4,850,000	4,718,300	(131,700)
Arena Costs Expenses	-	-	-	-	-
Utilities	1,344,000	-	1,344,000	2,487,216	(1,143,216)
New Jersey Racing Commission	2,590,000	-	2,590,000	2,860,460	(270,460)
Professional Services	3,427,000	-	3,427,000	3,374,438	52,562
Personnel	1,681,000	-	1,681,000	1,296,800	384,200
Workers Compensation	1,600,000	-	1,600,000	1,600,000	-
Health/Maintenance - Building/Other	1,296,000	-	1,296,000	1,011,616	284,384
(2) Convention Center	2,302,000	-	2,302,000	1,511,967	790,033
Misc. Other	18,116,000	-	18,116,000	18,116,000	-
Total - East Rutherford	28,108,000	-	28,108,000	28,027,797	80,203
Lynchhurst					
Salaries/Fringe	7,400,000	-	7,400,000	6,130,817	1,269,183
Services	2,110,000	-	2,110,000	1,500,211	609,789
Grants/Maintenance	64,000	-	64,000	45,071	19,929
Health/Maintenance	350,000	-	350,000	300,780	49,220
Finance Partnership	907,000	-	907,000	907,000	-
Misc. Other	127,000	-	127,000	145,144	(18,144)
Total - Lynchhurst	10,958,000	-	10,958,000	8,939,023	2,018,977
Solid Waste Operating Expenses	11,960,000	-	11,960,000	8,860,266	3,099,734
Total Expenditures	41,026,000	-	41,026,000	45,827,086	(4,801,086)
Total Operating Gain or Loss	(7,400,000)	-	(7,400,000)	(1,720,310)	(5,679,690)
Other revenues and expenditures:					
State Appropriations	15,000,000	-	15,000,000	12,600,000	(2,400,000)
Equine Reimbursement	5,000,000	-	5,000,000	5,000,000	-
Finance Fund Allocation	1,514,000	-	1,514,000	-	1,514,000
Fuel Settlement	10,800,000	-	10,800,000	-	10,800,000
Payment on Loan of Taxes & CAFO	(12,662,000)	-	(12,662,000)	(11,844,001)	817,999
Total nonoperating revenues and expenses	19,652,000	-	19,652,000	15,756,000	3,896,000
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ 3,496,747	\$ 3,496,672
Amounts reported for governmental activities in the statement of revenues, expenditures and changes in fund balance are affected net because of:					
Depreciation expense	-	-	-	(8,421,254)	8,421,254
Pension Obligation	-	-	-	(3,097,051)	3,097,051
Post-employment healthcare benefits, other than pension obligation	-	-	-	(3,288,790)	3,288,790
Capital outlays	-	-	-	83,320	(83,320)
Excess (deficit) of revenues over expenditures	-	-	-	178,962,951	178,962,951
Fund balance, beginning of year	-	-	-	167,561,761	167,561,761
Nonrecourse liability for compensated absences	-	-	-	-	-
Fund balance, end of year governmental funds basis	-	-	-	\$ 167,662,762	\$ 167,662,762

(1) NJSEA policy is to prepare a zero-balance budget for its operations and does not prepare budgets by major funds.
(2) Without Convention Center activities are not a subject to NJSEA. Budgets for Without Convention Center are prepared by the Greater Westchester Tourism Improvement & Development Authority (GWTIDA).

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)**

**SCHEDULE OF THE AUTHORITY'S, PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PUBLIC EMPLOYEES RETIREMENT SYSTEM
December 31, 2017**

	PERS - Last 10 Fiscal Years			
	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.101365%	0.137607%	0.171423%	0.169972%
Authority's proportionate share of net pension liability	\$ 23,596,769	\$ 40,735,248	\$ 38,419,233	\$ 31,136,370
Authority's covered employee payroll	\$ 6,805,809	\$ 7,063,473	\$ 12,049,996	\$ 15,446,921
Authority's proportionate share of net pension liability as a % of payroll	346.21%	511.78%	319.44%	299.50%
Plan fiduciary net position as a % of total pension liability	48.10%	40.14%	47.03%	48.72%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)**

**SCHEDULE OF CONTRIBUTIONS - PUBLIC EMPLOYEES RETIREMENT SYSTEM
Year Ended December 31, 2017**

	Schedule of County's Contributions PERS - Last 10 Fiscal Years			
	2017	2016	2015	2014
Contractually required contribution	\$ 939,063	\$ 1,222,481	\$ 1,474,211	\$ 1,527,382
Contributions in relation to the contractually required contribution	939,063	1,222,481	1,474,211	1,527,382
Authority's covered employee payroll	6,805,809	7,063,473	12,049,996	15,446,921
Contributions as a % of covered employee payroll	13.80%	15.45%	15.43%	13.34%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

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

To the Honorable Chair and Members of the
New Jersey Sports and Exposition Authority
Lyndhurst, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the New Jersey Sports and Exposition Authority ("the Authority"), as of and for the year then ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 10, 2018. Our report qualified our opinion on the business-type activities and the NJSEA Enterprise Fund because the Authority chose not to provide a fair value measurement regarding the closure of its entertainment arena located in East Rutherford, New Jersey, following its closure in 2015 and therefore, the amount of any impairment loss cannot be determined; and because the Authority did not fully implement Governmental Accounting Standards Board Statement No. 78.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadieu, P.C.
Certified Public Accountants

October 10, 2018

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None reported.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

None reported.

RESOLUTION 2018-41

**RESOLUTION ADOPTING THE
2018 NEW JERSEY SPORTS AND EXPOSITION AUTHORITY BUDGET**

BE IT RESOLVED by the New Jersey Sports and Exposition Authority that the attached Operations budget is hereby approved and adopted as the 2018 New Jersey Sports and Exposition Authority Budget.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
Secretary



NJSEA
Budgetary Summary - Calendar Year 2018

	Proposed Budget 2018
Revenue Budget	
Operating Revenue	\$22,514,365
Solid Waste Revenue	18,589,014
Total Revenues	<u>\$ 41,103,379</u>
Expense Budget	
Operations & Maintenance:	
Operating Expenses	31,817,171
Solid Waste Expenses	14,438,167
PILOT / Property Tax / CAFO	12,532,570
Total Expenses	<u>\$ 58,787,908</u>
Operating Gain (Loss)	(17,684,529)
Non - Operating Income and (Expenses)	
Reserve Fund Utilization	-
Expense Reimbursement	859,529
State Appropriations - prior calendar year	3,000,000
State Appropriations	<u>15,000,000</u>
Total Non - Operating Income and (Expenses)	<u>18,859,529</u>
Change In Net Position	<u>\$ 1,175,000</u>



NJSEA
Comparative Budgetary Statement
Calendar Year 2018
Support Schedule - Consolidating Budget Information

	<u>Actual 2017</u>	<u>Proposed Budget 2018</u>	<u>Change vs. Actual 2017</u>
Revenue Budget			
Operating Revenue	\$ 22,225,840	\$ 22,514,365	\$ 288,525
Solid Waste Revenue	12,688,983	18,589,014	5,900,031
Total Revenues	<u>\$ 34,914,824</u>	<u>\$ 41,103,379</u>	<u>\$ 6,188,556</u>
Expense Budget			
Operating Expenses	\$ 30,820,581	\$ 31,817,171	\$ 996,589
Solid Waste Expenses	11,143,650	14,438,167	3,294,517
PILOT / Property Tax / CAFO	12,472,936	12,532,570	59,634
Total Expenses	<u>\$ 54,437,167</u>	<u>\$ 58,787,908</u>	<u>\$ 4,350,741</u>
Operating Gain (Loss)	\$ (19,522,344)	\$ (17,684,529)	\$ 1,837,815
Non - Operating Income and (Expenses)			
Reserve Fund Utilization	2,472,344	-	(2,472,344)
Expense Reimbursement	5,050,000	859,529	(4,190,471)
State Appropriations - prior calendar year	-	3,000,000	3,000,000
State Appropriations	12,000,000	15,000,000	3,000,000
Total Non - Operating Income and (Expenses)	<u>\$ 19,522,344</u>	<u>\$ 18,859,529</u>	<u>\$ (662,814)</u>
Change In Net Position	<u>\$ -</u>	<u>\$ 1,175,000</u>	<u>\$ 1,175,000</u>



NJSEA
CALENDER YEAR 2018 BUSINESS PLAN COMBINED DETAIL

REVENUES	Actual 2017	Proposed Budget 2018	Change vs. Actual 2017
NMSCO Ground Lease	6,300,000	\$ 6,300,000	\$ -
NMR Shared Services/Ground Lease	6,039,511	6,200,000	\$ 160,489
MP Shared Services/Interest Income	3,312,775	2,843,175	\$ (469,600)
Non Event Parking	1,391,812	1,000,000	\$ (391,812)
Lease Revenue	1,307,575	1,430,488	\$ 122,913
Land Use Fee Income	644,033	650,000	\$ 5,967
Prudential Revenue	500,000	500,000	\$ -
Market Place	450,000	440,000	\$ (10,000)
Wireless	397,638	350,000	\$ (47,638)
Wildwood Management Fees	315,000	315,000	\$ -
Arena Revenue	504,034	1,953,575	\$ 1,449,541
Misc. Other	1,063,463	532,127	\$ (531,336)
Total Operating Revenue	\$ 22,225,840	\$ 22,514,365	\$ 288,525
Solid Waste Revenue	12,688,983	18,589,014	5,900,031
TOTAL REVENUES	\$ 34,914,824	\$ 41,103,379	\$ 6,188,556
EXPENSES			
<u>Operating Expenses</u>			
Salaries/Fringe	13,627,277	\$ 14,786,112	\$ 1,158,835
New Jersey Racing Commission	2,580,465	2,245,791	\$ (334,674)
Professional Services	1,823,995	1,874,141	\$ 50,146
Utilities	3,293,936	3,300,893	\$ 6,957
Workers Compensation	1,218,459	1,200,000	\$ (18,459)
Pension Withdrawal	1,679,458	1,368,019	\$ (311,439)
State Police	1,225,743	1,431,251	\$ 205,508
Insurance	1,221,973	1,189,831	\$ (32,142)
Capital	711,790	980,000	\$ 268,210
Repairs/Maintenance	784,509	742,312	\$ (42,198)
Ramapo Operations	504,589	513,450	\$ 8,861
Misc. Services	741,714	754,046	\$ 12,331
Two Rivers	200,000	200,000	\$ -
Supplies	80,274	65,464	\$ (14,810)
Misc. Other	1,126,399	1,165,862	\$ 39,463
Total Operating Expenses	\$ 30,820,581	\$ 31,817,171	\$ 996,589
Solid Waste	11,143,650	\$ 14,438,167	\$ 3,294,517
PILOT / Property Tax / CAFO	12,472,936	\$ 12,532,570	\$ 59,634
TOTAL EXPENSES	\$ 54,437,167	\$ 58,787,908	\$ 4,350,741
Operating Gain/(Loss)	\$ (19,522,344)	\$ (17,684,529)	\$ 1,837,815
Non - Operating Income and (Expenses)			
Reserve Fund Utilization	2,472,344	-	(2,472,344)
Expense Reimbursement	\$ 5,050,000	\$ 859,529	(4,190,471)
State Appropriations - prior calendar year	\$ -	\$ 3,000,000	3,000,000
State Appropriations	12,000,000	15,000,000	3,000,000
Total Non - Operating Income and (Expenses)	\$ 19,522,344	\$ 18,859,529	\$ (662,814)
Change in Net Position	\$ -	\$ 1,175,000	\$ 1,175,000

RESOLUTION 2018-42

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO
ESTABLISH A MUNICIPAL DRONE PROGRAM**

WHEREAS, the New Jersey Sports and Exposition Authority (NJSEA) strives to provide services and financial assistance to help Meadowlands District municipalities best manage their resources and improve residents' quality of life, including by providing programs and services to communities at no charge through the Authority's Meadowlands Area Grants for Natural and Economic Transformation program (MAGNET); and

WHEREAS, the NJSEA has performed an array of services for Meadowlands District municipalities using MAGNET funds in the past that have included creating and implementing stormwater management and flood control improvement plans; performing wetland mitigation projects; filling potholes; funding student scholarships and senior programs; constructing new athletic fields; and funding educational programs; and

WHEREAS, NJSEA funding of these projects has saved taxpayers hundreds of thousands of dollars and improved residents' quality of life; and

WHEREAS, the NJSEA, under a Memorandum of Understanding with Rutgers University, maintains a partnership with the Meadowlands Environmental Research Institute (MERI), which operates under the auspices of Rutgers University and performs scientific research and monitoring of critical natural resources in the District; and

WHEREAS, MERI has developed a drone program that has various applications that can assist Meadowlands District municipalities, including wetland and site surveying, continuous wetland monitoring, flood assessments, municipal ditch inspections, coastal berm and seawall structural stability assessments, and post hazardous event assessment; and

WHEREAS, this data can also be used by District municipalities to assess critical coastal defense infrastructure such as wetlands, berms, tide gates and ditches; and

WHEREAS, drone missions can also provide strategic information to municipal emergency management personnel to determine the extent of areas affected by spills, fire and other emergencies; and

WHEREAS, the MERI drone inventory currently includes two state-of-the-art unmanned aircraft system (UAS), and the MERI flight crew are FAA part 107 certified Drone pilots and have been granted airspace authorization from the FAA and Teterboro Airport Traffic Control to fly drones over various towns and vital wetland properties throughout the Meadowlands District; and

WHEREAS, the NJSEA wishes to provide drone services to Meadowlands District municipalities through its Municipal Shared Services Cooperative Program that would otherwise cost municipalities approximately \$400 to \$600 per drone mission.

NOW, THEREFORE, BE IT RESOLVED that the New Jersey Sports and Exposition Authority Board of Commissioners authorize the President and CEO to allocate \$25,000 from the MAGNET fund to allow MERI to fly drone missions for the Meadowlands District municipalities at no cost.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
Secretary

AWARDS/ CONTRACTS

RESOLUTION 2018-43

**RESOLUTION AUTHORIZING THE PRESIDENT
AND CHIEF EXECUTIVE OFFICER
TO ENTER INTO A CONTRACT FOR EMERGENCY
REPAIR OF THE EAST EXTERIOR FACADE OF THE
NJSEA ADMINISTRATION BUILDING**

WHEREAS, the New Jersey Sports and Exposition Authority requires emergency repair of the East Exterior Facade of the Administration Building at the Lyndhurst campus; and

WHEREAS, immediate repair work is necessary to prevent further damage to the building, to protect the health and safety of the building's occupants, and to be remedied prior to impending winter weather; and

WHEREAS, in accordance with N.J.S.A. 5:10-21.4 and Executive Order 37 (Corzine), the Authority may waive the requirement to publically advertise for bids on projects in exigent circumstances where the safety or protection of the Authority's property requires; and

WHEREAS, three designated authority officials, the SVP, Chief of Regulatory and Legal Affairs, the SVP of Sports Complex Operations and Facilities, and Director of Finance and CFO, concurred that the immediate repair of the façade is an unforeseen life, safety, or health emergency where the public exigency requires that services be rendered immediately; and

WHEREAS, the President and CEO certified that this was an emergency condition and meets the requirements as set out in Executive Order 37; and

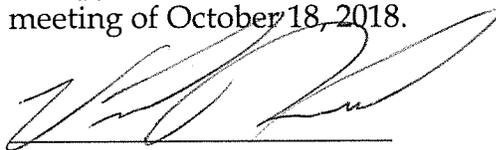
WHEREAS, Joseph Dugan, Inc. submitted a proposal in an amount not to exceed \$199,320.00 based on the scope of work to repair the East Facade of the Administration Building over water from roof mounted scaffolding; and

WHEREAS, Epic Management, Inc. submitted a proposal in an amount not to exceed \$10,000.00 based on the scope of work to assist as construction manager of the emergency project; and

WHEREAS, DI Group Architecture submitted a proposal in an amount not to exceed \$13,250.00 based on the scope of work to oversee the architecture of the emergency work, as well as studying the facility to identify any emergent façade and structural issues needing repair; and

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Sports and Exposition Authority that the President and Chief Executive Officer is hereby authorized to enter into contracts with Joseph Dugan, Inc., Epic Management, Inc., and DI Group Architecture, at a negotiated price for the aforementioned work not to exceed \$222,570.00.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
President

EXECUTIVE SESSION

RESOLUTION 2018-44

**RESOLUTION AUTHORIZING THE
NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
TO CONDUCT A MEETING TO WHICH
THE GENERAL PUBLIC SHALL NOT BE ADMITTED**

BE IT RESOLVED by the New Jersey Sports and Exposition authority (“Authority”) that it shall conduct a meeting to which the general public shall not be admitted to discuss personnel matters, the status of pending and anticipated litigation and other matters within the attorney client privilege, contract negotiations, and, if necessary, to act upon pending contracts.

BE IT FURTHER RESOLVED that the time when such discussions may be disclosed to the public shall be when and as such disclosure may be made without adversely affecting the Authority’s pending and/or anticipated legal, personnel, contractual matters and other matters within the exceptions provided for by the statute.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
Secretary

RESOLUTION 2018-45

**RESOLUTION REGARDING WHETHER THE REQUEST FILED BY OBJECTOR,
TOWERS ASSOCIATES, LTD., TO APPEAL THE VARIANCE RECOMMENDATION
FOR NJSEA FILE NO. 17-239 MEPT LINCOLN CROSSING, LLC/
LINCOLN GATEWAY-NEW BLDG./VARIANCE
(TOWNSHIP OF NORTH BERGEN AND TOWN OF SECAUCUS)
SHOULD BE GRANTED**

WHEREAS, on August 24, 2018 a report and recommendation was issued by the New Jersey Sports and Exposition Authority staff ("NJSEA Staff") which recommended the conditional approval of a use variance application submitted as part of File No. 17-239 by MEPT Lincoln Crossing, LLC (the "Applicant") in connection with its proposed development of a warehouse facility on the premises identified as 1 Daffy's Way (2701 Route 3 East), Block 451.05, Lot 14.011, in the Township of North Bergen, and Block 155, Lots 1.03, 1.04, and 6, in the Town of Secaucus, New Jersey; and

WHEREAS, on September 10, 2018 counsel for Towers Associates, Ltd. ("Towers"), a neighboring property owner, filed a notice of appeal (the "Notice") with Vincent Prieto, President and Chief Executive of the NJSEA, challenging the recommendation of the NJSEA Staff and seeking an appeal before the Office of Administrative Law ("OAL") pursuant to N.J.A.C. 19:4-4.19; and

WHEREAS, on September 11, 2018 counsel for the Applicant submitted a written objection to the Notice arguing, among other things, that Towers lacked the requisite interest under the Administrative Procedure Act, N.J.S.A. 52:14B-3.1 through 3.3., to appeal this matter to the OAL as a non-applicant under N.J.A.C. 19:4-4.19; and

WHEREAS, additional written submissions were received from counsel for Towers on September 20, 2018 and October 3, 2018, and from counsel for Applicant on October 2, 2018; and

WHEREAS, when a non-applicant, such as Towers, files a notice of appeal N.J.A.C. 19:4-4.19 requires that the appeal be forwarded to the Board of Commissioners for a determination as to whether such non-applicant possesses the required interest under the Administrative Procedure Act, N.J.S.A. 52:14B-3.1 through 3.3., to be granted an appeal; and

WHEREAS, pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-3.1 through 3.3, State Agencies are barred from adopting regulations permitting third parties to appeal permit decisions to the OAL unless authorized to do so by state or federal law; and

WHEREAS, the Administrative Procedure Act omits from the definition of "third party" persons with a particularized property interest sufficient to require a hearing on constitutional grounds; and

WHEREAS, the Board of Commissioners must therefore determine whether Towers has a particularized property interest that is sufficient to require a hearing on constitutional grounds before it can direct the transfer of this matter to the OAL; and

WHEREAS, Towers has generally maintained that it has a particularized property interest sufficient to require a hearing on constitutional grounds by virtue of the purported impact the Applicants development will have on it as an adjoining property owner and based on Towers' interests under a Reciprocal Easement Agreement serving its and the Applicant's properties; and

WHEREAS, the Administrative Procedure Act, N.J.S.A. 52:14B-3.1 through 3.3, prevents the Board of Commissioners from transferring Towers' appeal to the OAL pursuant N.J.A.C. 19:4-4.19 absent a particularized property interest of constitutional significance that is directly affected by the decision being appealed.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the New Jersey Sports and Exposition Authority that Towers' appeal of the NJSEA Staff Recommendation seeking a hearing before the OAL be, and hereby is, **DENIED** for those reasons set forth in the document annexed hereto.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.


Vincent Prieto
President

**IMO TOWERS ASSOCIATES, LTD.’S
THIRD PARTY APPEAL OF NJSEA
STAFF RECOMMENDATION RE: USE
VARIANCE APPLICATION IN
CONNECTION WITH FILE NO. 17-239**

On August 24, 2018 the New Jersey Sports and Exposition Authority (“NJSEA”) staff issued a report and recommendation regarding the use variance application of MEPT Lincoln Crossing, LLC (“MEPT”) in connection with MEPT’s proposed development of a warehouse facility. On September 10, 2018 Towers Associates, Ltd. (“Towers”) filed a notice of appeal with the NJSEA challenging the recommendation of the NJSEA staff and seeking an appeal before the Office of Administrative Law (“OAL”). Pursuant to N.J.A.C. 19:4-4.19(b)(4), an appeal filed by a non-applicant third party may not be transferred to the OAL until the NJSEA Board of Commissioners makes a determination that such party has the required interest under the Administrative Procedure Act (the “APA”).

For the reasons set forth herein, the Board denies Towers’ appeal.

SUMMARY OF CONCLUSIONS

Where a non-applicant objector, such as Towers files a notice of appeal seeking to have a variance recommendation or other decision of the NJSEA staff reviewed before the OAL, the NJSEA Board of Commissioners must determine whether such party possesses the required interest under the APA to be granted an appeal. The Administrative Procedure Act bars non-applicants, or “third parties,” from appealing permit decisions to the OAL unless they possess a “particularized property interest” sufficient to require a hearing on constitutional or statutory grounds. With respect to the present appeal, in which there is no statutory basis for a hearing, the Board of Commissioners must determine whether Towers, as a non-applicant objector to the use variance application of MEPT, has a “particularized property interest” of constitutional significance that is directly affected by the NJSEA staff’s recommendation.

Towers generally claims that it has a “particularized property interest” because: (1) increased truck traffic will directly impact the viability and efficiency of its businesses on the properties adjoining the MEPT site; and (2) its rights under a reciprocal easement agreement (the “REA”) with MEPT will be violated by an increase in traffic over the easement area and by modifications to the roadway located within the easement area that are necessitated by a condition of approval in the NJSEA staff’s recommendation.

We have not identified, nor have the parties directed us to, any cases wherein a court has found a particularized property interest in a non-applicant which required a hearing on constitutional grounds. Rather, the body of case law on this issue provides only examples of interests which do not constitute a sufficient interest of a non-applicant requiring a hearing before the OAL on constitutional grounds. These decisions have indicated that generalized property rights shared with other owners are not adequate. Concerns about impacts to a

neighborhood, impacts on the views of neighboring property owners, fears that neighboring properties may be flooded as a result of a permit issuance, and even economic damage to neighboring owners have all been found not to constitute a particularized interest. In one particularly instructive case involving a decision of the NJSEA's predecessor, the court found that adjoining property owners, even where they have presented evidence during the public hearing that traffic from a proposed project will have an impact on their property, lack the necessary interest to require a hearing before the OAL on constitutional grounds.

In light of the case law, Towers' claim to a particularized property interest based on the claim that increased truck traffic will directly impact the viability and efficiency of its present and future businesses is without merit. Whether Towers' property interests in the REA are a sufficient property interest to require a hearing, however, has not been conclusively addressed in case law. We have not found cases that address whether the easement rights of a non-applicant objector will constitute a "particularized property interest" in the context of a permit appeal. As set forth herein, it is the conclusion the Board of Commissioners that Towers' rights under the REA are not an interest requiring a hearing before the OAL on constitutional grounds.

While Towers undoubtedly has a property interest in the REA, that interest is not weakened by the grant of a variance to MEPT. Towers rights under the REA remain subject to enforcement in an action in Superior Court. Since the variance does not enable MEPT to violate its obligations under the REA and because Towers is still entitled to initiate an action under the REA to enforce such obligations, the NJSEA's grant of a variance does not "impact" whatever constitutional rights Towers has with respect to the REA. Additionally, the APA reflects a strong public policy of limiting third party appeals, which the Legislature determined create "chaotic unpredictability" and ultimately "cripple economic development." The strength of this legislative policy has been reinforced by reviewing courts, which have uniformly construed third party property interests in this context strictly. Moreover, in considering third party rights to OAL hearings, the courts of this state have also suggested that the constitutional demands of due process may even be satisfied by some process less than the "trial-type" procedures provided in the OAL. Since Towers has been permitted to participate in the extensive public hearing process relating to MEPT's application, it is arguable that they have received whatever process constitutionally due to them.

For all of these reasons, and as more fully set forth below, Towers' appeal requesting that this matter be transferred to the OAL for a hearing is denied.

FACTUAL BACKGROUND AND PROCEDURAL HISTORY

A. The Parties

MEPT is the owner of a 19.9 acre parcel in the Hackensack Meadowlands District's Regional Commercial Zone that is currently improved with a 236,207 square foot building that most recently served as a warehouse/distribution facility, corporate headquarters, and accessory retail outlet for the now-defunct clothing retailer, Daffy's. Towers is the owner of two adjacent lots. A Home Depot store is located on one of Towers' lots, while the second lot is currently vacant. Towers maintains that it intends to develop the vacant lot with a hotel in the future. A private roadway known as Daffy's Way traverses portions of both Towers' and MEPT's

property, and is governed by a Reciprocal Easement Agreement (“REA”) entered into in 1992 between Towers and a predecessor in interest to MEPT. Daffy’s Way serves as the primary access point for the Home Depot and is one of two access points for the MEPT property.

B. Public Hearing and Staff Recommendation

MEPT seeks to develop its property with a new, larger building to serve as a warehouse and distribution facility. Because warehouse and distribution facilities are not a permitted use in the Regional Commercial Zone, MEPT applied for a use variance. A public hearing on the use variance application was opened on April 17, 2018 and was continued across seven hearing dates, concluding on May 29, 2018. Towers, through its counsel, objected to MEPT’s application and actively participated in the proceedings during the public hearing. Towers was afforded the opportunity to cross-examine each of MEPT’s expert witnesses, present direct testimony from its own witnesses, and enter evidence in the form of hearing exhibits and other documents. Additionally, the public record was kept open to allow the parties, including Towers, to submit written summations to be considered by the NJSEA staff in their preparation of a recommendation. On August 24, 2018 the NJSEA Staff issued a report and recommendation wherein they recommended granting approval of MEPT’s variance application, with certain conditions.

C. Towers’ Notice of Appeal

On September 4, 2018 counsel for MEPT forwarded a written notice to the NJSEA advising that it did not intend to appeal the recommendation from the NJSEA staff and requesting that the matter be placed on the agenda for the Board of Commissioners next scheduled meeting. On September 10, 2018 counsel for Towers filed a notice of appeal with Vincent Prieto, President and Chief Executive of the NJSEA, challenging the recommendation of the NJSEA Staff and seeking an appeal before the OAL. On September 11, 2018 counsel for MEPT submitted a written objection to Towers’ notice of appeal arguing, among other things, that Towers lacked the requisite interest to appeal this matter to the OAL as a non-applicant. Counsel for Towers responded by letter on September 20, 2018. Upon request from NJSEA’s Vice President of Legal and Regulatory Affairs, additional submissions were received from counsel for MEPT on October 2, 2018 and from counsel for Towers on October 3, 2018.

DISCUSSION

A. Legal Standard

The process for filing appeals of variance recommendations and other NJSEA Staff decisions to the OAL are set out in N.J.A.C. 19:4-4.19, hereafter referred to as Section 4.19. The first step in such appeal is to file a notice of appeal to the Executive Director. Where an *applicant* files a notice of appeal to the Executive Director, it is transmitted directly to the OAL for a hearing. Where, however, a non-applicant objector such as Towers files the notice of appeal, it is to be forwarded to the Board of Commissioners, “which shall determine whether the third party appellant has the required interest under the Administrative Procedure Act, N.J.S.A. 52:14B-3.1 through 3.3.” If the Board of Commissioners determines that the appeal by the non-applicant objector may proceed, it must direct the Executive Director to transfer the matter to the

OAL. The key issue facing the Board of Commissioners then is whether the non-applicant appellant has the required interest the Administrative Procedure Act (the “APA”), 52:14B-3.1 through 3.3, to be granted an appeal.

In 1993 the New Jersey Legislature enacted a law to supplement the APA with the specific intention of limiting State agencies, such as the NJSEA, from promulgating regulations that allow “third parties” to initiate appeals of “permit decisions”¹ to the OAL unless specifically authorized by Federal law or State statute. N.J.S.A. 52:14B-3.3(a); 52:14B-3.1(d). This supplement to the APA was codified in the state statutes as 52:14B-3.1 through 3.3 (the same provisions as are referenced in Section 419). In enacting this law, the Legislature specifically found and declared that allowing State agencies to afford third parties the right to appeal permit decisions would “give rise to a chaotic unpredictability and instability that would be most disconcerting to New Jersey’s business climate and would cripple economic development.” N.J.S.A. 52:14B-3.1(c).²

Under the APA, as supplemented, State agencies are barred from enacting regulations that allow third parties to appeal permit decisions to the OAL unless such agency is authorized to do so by statute. The term “third party,” however, is defined under the statute as anyone other than an applicant, a State agency, or a person with a “particularized property interest sufficient to require a hearing on constitutional or statutory grounds.” N.J.S.A. 52:14B-3.2. Thus, a non-applicant objector will not constitute a “third party,” and is therefore not barred from appeal to the OAL, where it has a “particularized property interest” that is sufficient to require a hearing on either constitutional or statutory grounds. Where, as here, there is no statutory basis for an appeal to the OAL, the New Jersey Supreme Court has sharpened the standard, explaining that a non-applicant objector may appeal to the OAL where it “can demonstrate a particularized property interest of constitutional significance that is directly affected by an agency’s permitting decision.” In re NJPDES Permit No. NJ0025241, 185 N.J. 474, 482 (2006) (citing N.J.S.A. 52:14B-3.1).

B. Nature of Property Interests Claimed by Towers

In its Notice of Appeal, and in subsequent written submissions, Towers has claimed a number of “particularized property interests,” that generally fall into two categories. First, Towers claims that increased truck traffic backing up along Daffy’s Way and Bigley Drive will impact visitors to the Home Depot property and the as yet undeveloped vacant hotel property. See Towers’ Notice of Appeal, September 10, 2018, at p. 3. Second, Towers claims interference with its rights under the REA. In this respect, Towers claims that the bulk of traffic generated by MEPT’s proposed use will travel across Towers’ property along Daffy’s Way. See id. Similarly, Towers asserts that the condition in the Recommendation potentially requiring MEPT to modify portions of Daffy’s Way located on MEPT’s property violates Towers’ rights as the dominant

¹ A “permit decision” is defined to include a “decision by a State agency to grant . . . any agency license, permit, certificate, approval . . . or other form of permission required by law.” N.J.S.A. 52:14B-3.2.

² It should be noted, however, that while the supplements to the APA prohibit agencies from adopting regulations that will permit third party appeals to the OAL, “the Legislature’s intent was not to interfere with the constitutionally protected right to appeal an agency decision to [the Appellate Division].” In re Amico/Tunnel Carwash, 371 N.J. Super. 199, 208 (App. Div. 2004).

tenement owner under the REA. See gen. Towers September 20, 2018 Letter, and Towers October 3, 2018 Letter.

C. Analysis of Towers' Property Interest

Though a number of courts have taken up the question of what may constitute a “particularized property interest” of constitutional significance that will enable a non-applicant objector to appeal a permit decision to the OAL, none of these cases, either cited to by the parties or identified in our review, have actually found such a right to exist. While these cases have not provided any definitive statement regarding the types of interests that *will* constitute a “particularized property interest” of a non-applicant, they do illuminate certain purported property interests that will not.

For instance, “fear of damage to one's recreational interest or generalized property rights shared with other property owners is insufficient to demonstrate a particularized property right or other special interest.” Spalt v. New Jersey Dep't of Env'tl. Prot., 237 N.J. Super. 206, 212, 567 A.2d 264, 268 (App. Div. 1989). Similarly, neighboring property owners challenging the issuance of waterfront development permit in connection with a high-rise development project are not entitled to an OAL hearing based on their interest in maintaining and enjoying views of the Hudson River. In re Riverview Development, LLC, 411 N.J. Super. 409, 434-35 (App. Div. 2010).

The “speculative” concerns of adjacent property owners that a permit decision will impact their property interests will also not constitute a particularized property interest. For example, the potential that flooding of neighboring property may result from a proposed expansion of an assisted living facility will not entitle such neighboring property owners to a hearing before the OAL to review the issuance of a freshwater wetlands permit. In re Authorization For Freshwater Wetlands Statewide Gen. Permit 6, Special Activity Transition Area Waiver For Stormwater Mgmt., Water Quality Certification, 433 N.J. Super. 385, 408 (App. Div. 2013); see also, In re Freshwater Wetlands Statewide Gen. Permits, 185 N.J. 452, 470 (2006). A potential decrease in property value that may be sustained by neighboring land owners as a result of a proposed high rise development, even where supported by a real estate expert's projection, will not entitle a non-applicant objector to an appeal before the OAL. In re Riverview, 411 N.J. Super. at 435-36.

Particularly instructive is In re Amico/Tunnel Carwash, 371 N.J. Super. 199 (App. Div. 2004), which involved a decision of the New Jersey Meadowlands Commission (the “NJMC”), the predecessor agency to the NJSEA. In Amico, a property owner seeking to construct a car wash applied to the NJMC for a number of bulk variances in connection with the construction of a car wash. The owners of an adjacent property appeared at the hearing before the NJMC and objected, offering testimony, cross-examining witnesses, and submitting two expert reports concluding that the proposed development would “create unsafe traffic conditions and have an adverse impact on the surrounding neighborhood.” Amico, 371 N.J. Super. at 205. When the NJMC granted the requested variances, the neighboring property owners appealed seeking (in part) to have the matter referred to the OAL for a hearing. On appeal, the Court affirmed the NJMC's decision not to refer the matter to the OAL, finding that while the neighboring property owners asserted the car wash would “increase traffic congestion in front of their property,” such

an impact was “similar to the impacts commonly experienced by owners of property in the vicinity of any proposed new development,” and consequently their “ownership of property adjoining the [car wash property] does not give them a particularized property interest in [the applicant’s] development plan that entitles them to a hearing on constitutional grounds.” *Id.* at 212.

i. Generalized Traffic Concerns and Impact to Business

With respect to Towers’ claims that increased congestion from vehicle and truck traffic amassing on Daffy’s Way and Bigley Drive as a result of MEPT’s proposed use will impact both customers and deliveries to Home Depot and potential customers of its undeveloped hotel, the above case law strongly suggests that such interests will not constitute a “particularized property interest” entitling them to a hearing on constitutional grounds. Putting aside, for the moment, the issue of traffic specifically traversing property subject to the REA, the traffic issues cited by Towers are similar to those cited in *Amico*. The Court in *Riverview* likewise explained that “concerns about local traffic impacts...do not create a sufficient property interest to entitle homeowners to an OAL hearing.” *Riverview*, 411 N.J. Super. at 438. The same is true here. Moreover, Towers’ concerns about the impact that MEPT’s proposed development will have on its businesses are speculative, despite expert testimony proffered to the contrary. In this respect, these concerns are similar to those in *In re Authorization For Freshwater Wetlands Statewide Gen. Permit 6* and in *Riverview*, in which courts found speculative interests, even where supported generally by expert testimony, did not constitute a “particularized property interest.” In sum, Towers’ general fears about the impact of traffic on its present and future business interests are not a “particularized property interest” entitling them to a hearing before the OAL on constitutional grounds.

ii. Towers’ Property Interests under the REA

At the outset, it must be noted that we have not found any cases which have addressed directly whether, or even to what extent, a non-applicant objector’s easement rights will constitute a “particularized property interest” in the context of a permit appeal. However, the Court’s opinion in *Riverview* does contain language that *could* be construed to imply that possession of an easement or other recorded property rights may be sufficient. In *Riverview*, nearby property owners seeking to appeal the issuance of a waterfront development permit alleged a “particularized property interest,” claiming that their views of the Hudson River would be impacted by the construction of a proposed high rise apartment building. In holding that the nearby property owners lacked a constitutional property interest requiring a hearing before the OAL, the Court pointed out that “[a]bsent an enforceable deed restriction or easement, the [objectors] have no property right to prevent any party . . . from building a zoning compliant structure.” *Riverview*, 411 N.J. Super. at 434-35. While the Court does refer to a counterfactual wherein the objector might have easement rights or a deed restriction protecting its view, its purpose was to make clear that in *Riverview* the objectors simply had no property interest whatsoever in their views.

The Court in *Riverview* was neither called upon to, nor did it, offer any statement regarding whether the bare easement rights of a non-applicant will constitute a particularized property interest requiring a hearing on constitutional grounds. While Appellate review of the

present facts may therefore represent a “case of first impression,” the Board of Commissioners concludes that Towers’ rights under the REA are not sufficient to require a hearing before the OAL on constitutional grounds.

The primary reason for this conclusion is that, while Towers does have a property interest in the REA, it does not have an interest “of constitutional significance **that is directly affected by**” the grant of a variance to MEPT. In re NJPDES Permit No. NJ0025241, 185 N.J. at 482. As correctly pointed out in MEPT’s October 2, 2018 opposition to Towers’ notice of appeal, the REA is a memorialization of private rights while land use regulation, of the type undertaken by the NJSEA in its review of a variance application, is “entirely divorced in concept, creation, enforcement and administration from restrictions arising out of agreements between private parties.” See Tobin v. Papparone Const. Co., 137 N.J. Super. 518, 527 (Law Div. 1975) (quoting 3 Rathkopf, The Law of Zoning and Planning, 74–1 (3 Ed. 1972)). Thus, the “rights and obligations of parties to private covenants are to be determined in appropriate actions to enforce or to be relieved of the burden of such covenants.” Id. at 528. In other words, if Towers has a right under the REA to bar MEPT’s proposed use of the site or the easement area, the NJSEA’s grant of a variance does not affect those rights; MEPT is still bound by its obligations under the REA and Towers remains entitled to file an appropriate action in the Superior Court to enforce those obligations.

The conclusion that Towers rights under the REA will not be deemed a “particularized property interest” requiring a hearing before the OAL on constitutional grounds is buttressed further by the stated purpose of the 1993 supplements to the APA, which evidence a clear purpose by the Legislature to strictly limit third party appeals of permit decisions because they create “chaotic unpredictability” and ultimately “cripple economic development.” N.J.S.A. 52:14B-3.1(c). Recognizing the Legislature’s view of strictly limiting third party appeals, reviewing courts have generally followed suit – strictly construing the third party property interests that might entitle a party to a hearing.

Finally, many of the cases wherein courts have considered the adequacy a non-applicant objector’s property interest in requiring a hearing on constitutional grounds have suggested that a “third-party objector’s due process rights may be satisfied by an agency’s review process even absent trial-type procedures.” In re Freshwater Wetlands, 185 N.J. at 471. In Riverview, for instance, the court noted that the non-applicant objectors, who made presentations during public sessions, submitted written comments by experts and representatives, and had direct communications between DEP staff, had “received ample process that arguably was constitutionally due to them.” Riverview, 411 N.J. Super. at 437. With respect to Towers, an even greater degree of participation has taken place. During the public hearing on MEPT’s application, Towers was present and actively objected during the course of seven hearing dates comprising more than twenty-five hours of direct expert testimony and cross-examination. Towers had the opportunity to, and did, cross-examine each of MEPT’s expert witnesses and provided its own direct testimony in opposition. Moreover, and as noted above, Towers maintains the ability to protect its interests in the easement via a direct action against MEPT under the REA.

CONCLUSION

For the reasons set forth herein, the Board of Commissioners denies the appeal of Towers. The NJSEA may not transfer Towers' appeal to the OAL unless it finds that Towers has a particularized property interest of constitutional significance that is directly affected by the grant of a variance to MEPT. In light of the strong public policy against third party appeals of permit decisions and the body of case law stringently construing the types of third-party property interests that warrant a hearing before the OAL on constitutional grounds, it is the conclusion of the Board that neither Towers' concerns about traffic and general impacts to its business interests nor its interests under the REA represent a particularized interest of constitutional significance that will be directly impacted by the grant of a use variance to MEPT. Towers' rights under the REA remain unaffected by the variance application and Towers has been afforded substantial process during the course of the public hearings.

RESOLUTION 2018-46

**RESOLUTION ISSUING A
DECISION ON THE VARIANCE APPLICATION
SUBMITTED AS PART OF FILE NO. 17-239
MEPT LINCOLN CROSSING, LLC/
LINCOLN GATEWAY-NEW BLDG/VARIANCE
BLOCK 451.01, Lot 14.011, IN THE TOWNSHIP OF NORTH BERGEN and
BLOCK 155, LOTS 1.03, 1.04 & 6, IN THE TOWN OF SECAUCUS**

WHEREAS, an application for one use variance has been filed with the NJSEA by Thomas J. O'Connor, Esq., of the firm, Waters, McPherson, McNeill, P.C., on behalf of MEPT Lincoln Crossing, LLC, (the "Applicant") for the premises located at 1 Daffy's Way (2701 Route 3 East), and identified as Block 451.05, Lot 14.011, in the Township of North Bergen, and Block 155, Lots 1.03, 1.04, and 6, in the Town of Secaucus, New Jersey; and

WHEREAS, the premises is located in the Regional Commercial zone of the Hackensack Meadowlands District; and

WHEREAS, the use variance request is sought in connection with the applicant's proposal to construct a 325,856-square-foot warehouse and distribution facility with related site improvements on the subject property; and

WHEREAS, the applicant requested use variance approval pursuant to N.J.A.C. 19:4-5.52(a), where warehouse and distribution facilities are not listed as a permitted use within the Regional Commercial zone; and

WHEREAS, notice of the requested use variance was given to the public and all interested parties as required by law and was published in The Jersey Journal newspaper; and

WHEREAS, a public hearing commenced at the Office of the NJSEA on Tuesday, April 17, 2018, and continued on April 24, May 8, May 15, May 22, May 23, and May 29, 2018, before Sara Sundell, P.E., P.P., Director of Land Use Management and Chief Engineer, Sharon Mascaró, P.E., Deputy Director of Land Use Management and Deputy Chief Engineer, Mia Petrou, P.P., AICP, Principal Planner, Mark Skerbetz, P.P., AICP, Senior Planner, and Doug Janacek, Counsel; and

WHEREAS, a comprehensive report, dated August 24, 2018, has been prepared indicating the recommendations of the Deputy Director of Land Use Management and the Vice President, Legal & Regulatory Affairs in this matter; and

WHEREAS, a copy of the recommendation and comprehensive report was provided to the applicant on August 24, 2018; and

WHEREAS, the report recommends the conditional approval of the requested use variance from N.J.A.C. 19:4-5.52(a), to allow the construction of a 325,856-square-foot warehouse and distribution facility with related site improvements on the subject premises; and

WHEREAS, the Board of Commissioners of the NJSEA has reviewed the full record, including the transcript of the public hearing, summations of the applicant and objectors, submissions of the applicant and objectors, and recommendations on the application by the Deputy Director of Land Use Management and the Vice President, Legal & Regulatory Affairs; and

WHEREAS, the Board of Commissioners concurs with the recommendations of the Deputy Director of Land the Use Management and the Vice President, Legal & Regulatory Affairs; and

WHEREAS, the NJSEA hereby determines that the requested use variance to construct a 325,856-square-foot warehouse and distribution facility with related site improvements on the subject premises, conforms with the standards for approving applications for use variances as set forth in N.J.A.C. 19:4-4.14(e)2.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the New Jersey Sports and Exposition Authority, that the MEPT Lincoln Crossing, LLC/Lincoln Gateway-New Bldg/Variance application for one use variance from N.J.A.C. 19:4-5.52(a), to construct a 325,856 square-foot warehouse and distribution facility with related site improvements on the subject property, is hereby **APPROVED WITH THE FOLLOWING CONDITIONS** for the reasons set forth in the recommendation report dated August 24, 2018:

1. The site shall comply with the requirements of the New Jersey State Air Pollution Control Laws and Codes at N.J.A.C. 7:27 and 7:27B, pursuant to N.J.A.C. 19:4-7.5. The Applicant shall provide an air quality plan for review and approval by the NJSEA Chief Engineer prior to the issuance of any Certificate of Completion and/or Occupancy Certification for the building. The plan shall include air quality monitoring provisions for a minimum period of one year

from the date of issuance of a Certificate of Completion and/or Occupancy Certification and 100 percent occupancy level. The NJSEA reserves the right to extend the time period for air quality monitoring at the site, and to require the posting of a performance guarantee to ensure compliance and/or implementation of any identified mitigation measures.

2. An as-built noise evaluation shall be submitted by the Applicant within sixty (60) days of issuance of a Certificate of Completion and/or Occupancy Certification for the building, demonstrating compliance with the requirements of N.J.A.C. 19:4-7.3. The NJSEA reserves the right to require additional sound testing and to require the implementation of mitigation measures within one year of the date of issuance of a Certificate of Completion and/or Occupancy Certification and 100 percent occupancy level.
3. The site plan shall be revised for review and approval by the NJSEA staff as follows:
 - a. The seven trailer parking spaces proposed in the southwesterly portion of the site shall be eliminated. This area may instead be used for car parking or landscaped open space, but not for trailer parking, storage or operations.
 - b. The proposed guard booth at the terminus of the Daffy's Way driveway shall be relocated further south into the site.
 - c. The Applicant shall provide plans for the reconfiguration of the Daffy's Way driveway on the subject property, including the curbed island, to allow enhanced two-way traffic flow and reduce the potential for conflicting movements between vehicles travelling in opposite directions.
 - d. The site plan shall be revised to include a sign prohibiting tractor trailers from utilizing the drive aisle through the 60-space car parking lot on the west side of the proposed warehouse.

I hereby certify the foregoing to be a true copy of the Resolution adopted by the New Jersey Sports and Exposition Authority at their meeting of October 18, 2018.



Vincent Prieto
President



MEMORANDUM

To: NJSEA Board Members and Vincent Prieto, President/CEO

From: Sara J. Sundell *Date:* October 18, 2018

Subject: Recommendation for MEPT Lincoln Crossing, LLC/Lincoln Gateway-
New Bldg./Variance (File No. 17-239)

An application for one use variance has been filed with the New Jersey Sports & Exposition Authority (NJSEA) by Thomas J. O'Connor, Esq., of the firm, Waters, McPherson, McNeill, P.C., on behalf of MEPT Lincoln Crossing, LLC, (the "Applicant") for the premises located at 1 Daffy's Way (2701 Route 3 East), and identified as Block 451.05, Lot 14.011, in the Township of North Bergen, and Block 155, Lots 1.03, 1.04, and 6, in the Town of Secaucus, New Jersey. The property is located in the Hackensack Meadowlands District's Regional Commercial zone.

The applicant is requesting use variance approval pursuant to the following:

1. N.J.A.C. 19:4-5.52(a), where warehouse and distribution facilities are not listed as a permitted use in the Regional Commercial zone.

A public hearing commenced at the Office of the NJSEA on Tuesday, April 17, 2018, and continued on April 24, May 8, May 15, May 22, May 23, and May 29, 2018.

In a comprehensive report dated August 24, 2018, the Deputy Director of Land Use Management and the Vice President of Legal & Regulatory Affairs recommended conditional approval of the use variance requested above. A copy of the comprehensive report and variance recommendation was provided to the applicant on August 24, 2018.

At this time, the Board of Commissioners is required to issue a decision on the use variance request described above. A resolution requesting the same is attached for your consideration.

RECOMMENDATION ON THE VARIANCE APPLICATION OF
MEPT Lincoln Crossing, LLC/Lincoln Gateway-New Bldg/Variances
File #17-239

I. INTRODUCTION

An application for one use variance has been filed with the NJSEA by Thomas J. O'Connor, Esq., of the firm, Waters, McPherson, McNeill, P.C., on behalf of MEPT Lincoln Crossing, LLC, (the "Applicant") for the premises identified as 1 Daffy's Way (2701 Route 3 East), Block 451.05, Lot 14.011, in the Township of North Bergen, and Block 155, Lots 1.03, 1.04, and 6, in the Town of Secaucus, New Jersey. Said premises are located in the Hackensack Meadowlands District's Regional Commercial zone. The use variance is sought in connection with the Applicant's proposal to construct a 325,856-square-foot warehouse and distribution facility with related site improvements on the subject property.

The Applicant is requesting relief from the following:

1. N.J.A.C. 19:4-5.52(a), where warehouse and distribution facilities are not listed as a permitted use in the Regional Commercial zone.

A public hearing commenced at the Office of the NJSEA on Tuesday, April 17, 2018, and continued on April 24, May 8, May 15, May 22, May 23, and May 29, 2018. Notice was given to the public and all interested parties as required by law. The public notice for this hearing was published in The Jersey Journal newspaper. All information submitted to the Division of Land Use Management relative to this application was made part of the record of this recommendation.

The Regional Commercial zone in which the property is located permits a variety of commercial uses, including, but not limited to, retail, office, hotel, various business, personal, and social services, commercial and public recreation, and convention centers. The strict application of the regulations does not permit the proposed warehouse use on the subject property.

B. Response to the Public Notice

Two objectors provided written comments in response to the public notice dated March 13, 2018. Joseph B. Fiorenzo, Esq., of the firm, Sills, Cummis, & Gross, represented an objector, Towers Associates, Ltd. ("Towers"), owner of two properties located in the Town of Secaucus, identified as Block 155, Lot 7, which is occupied by Home Depot, and Block 155, Lot 1.02, which is a vacant parcel. Thomas H. Bruinooge, Esq., of the firm, Bruinooge & Associates, represented a second objector, Vee Jay International Corp. ("Vee Jay"), owner of the property identified as Block 155, Lot 5, which is occupied by a Hilton Garden Inn hotel, restaurant, and accessory parking deck. Collectively, Towers and Vee Jay may be referred to as "Objectors" in this report.

The following correspondence was submitted by the Objectors and the Applicant during the course of the public comment period, which closed on June 19, 2018:

1. Email, dated April 23, 2018, from Mr. O'Connor, enclosing the New Jersey Department of Transportation permit.
2. Two letters, dated May 10, 2018, by Mr. Fiorenzo, regarding hearing dates and sound measurements, sent via e-mail from Kristoffer Burfitt, of the Sills firm, on May 10, 2018.
3. Email, dated May 11, 2018, from Mr. O'Connor to Mr. Burfitt, with copy to NJSEA, regarding sound measurements.
4. Letter, dated May 14, 2018, from Eric McCullough, of the Waters firm, regarding Objector's response to request for additional hearing dates.

II. GENERAL INFORMATION

A. Existing and Proposed Use

The subject premises is an irregularly-shaped, 19.9-acre parcel fronting along New Jersey State Highway Route 3 Eastbound Ramp U from Paterson Plank Road ("Ramp U"), New Jersey State Highway Route 3 Eastbound Service Road ("Route 3"), New Jersey State Highway Route 95/495 Bypass ("Route 495"), and the New Jersey Turnpike. The property is located in the District's Regional Commercial zone. The existing 236,207-square-foot building on the site contains the former Daffy's warehouse/distribution facility, corporate headquarters and accessory retail outlet for the sale of excess inventory.

Adjacent land uses include a Home Depot retail facility and a vacant parcel to the northwest; a warehouse building, a hotel with an associated parking deck, and a free-standing restaurant to the north; open space across Route 495 to the south; and various commercial facilities across Route 3 to the east. There are no residential properties, as that term is used in the NJSEA's regulations, situated within 2,500 feet in any direction from the premises. Both Home Depot and the subject premises share an access driveway, known as Daffy's Way, located to the west of the properties. Bigley Drive, a private road/driveway on the subject property, provides access to the site from Ramp U off of Paterson Plank Road to the north.

The Applicant is proposing to construct a 325,856-square-foot warehouse and distribution facility with related site improvements on the subject property. The existing warehouse structure is proposed to be removed in its entirety as a part of this application. The proposed warehouse and distribution facility will have 47 loading docks and two drive-in loading doors along the south side of the building, facing Route 495. In accordance with a letter from the Chief Engineer, dated, July 20, 2015, the yards fronting along the Route 3 Service Road, Route 495 and the New Jersey Turnpike are considered to be side yards.

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5. Letter, dated May 16, 2018, from Mr. Bruinooge, regarding Mr. Fiorenzo's request for additional hearing dates.
6. Letter, dated May 30, 2018, from Mr. McCullough, regarding an extension of time for the public record, for the purpose of submitting written summations.
7. Email and letter, dated June 19, 2018, from Mr. Fiorenzo, containing written summation.
8. Email and letter, dated June 19, 2018, from Mr. Bruinooge, containing written summation.
9. Email, dated June 19, 2018, from Mr. McCullough, containing written summation.

Other than submissions from the Applicant and Objectors represented by counsel, the following comments were received:

1. A written comment, dated April 6, 2018, from Richard C. Dube, New Jersey Department of Transportation;
2. A written comment, dated May 4, 2018, from Jeff Tittel, Director of the New Jersey Sierra Club, opposing the requested variance.
3. A written comment, dated May 6, 2018, from Paul and Theresa Bailey, opposing the requested variance.
4. Two written comments, dated April 30, 2018 and May 16, 2018, from Mary Blehl Walsh, Conservation Co-Chair of the North Jersey Group of the New Jersey Sierra Club, opposing the requested variance.

III. PUBLIC HEARING (April 17 & 24, and May 8, 15, 22, 23, & 29, 2018)

A public hearing, held at the Office of the NJSEA, commenced on Tuesday, April 17, 2018, and continued on April 24, May 8, May 15, May 22, May

23, and May 29, 2018. NJSEA staff and representatives in attendance for the public hearing were Sara J. Sundell, P.E., P.P., Director of Land Use Management and Chief Engineer; Sharon Mascaró, P.E., Deputy Director of Land Use Management and Deputy Chief Engineer; Mia Petrou, P.P., AICP, CFM, Principal Planner; Mark Skerbetz, P.P., AICP, Senior Planner; and Douglas J. Janacek, Counsel.

During the May 29, 2018 hearing, and upon conclusion of testimony, the Applicant consented to an extension of the public hearing until June 19, 2018 for the limited purpose of keeping the record open to allow for the submission of written summations. Written summations were filed with the NJSEA on June 19, 2018 on behalf of the Applicant, MEPT Lincoln Crossing, LLC, and Objectors Towers and Vee Jay.

A. Exhibits

The following is a list of the exhibits submitted by the Applicant at the public hearing and marked for identification as follows:

<u>Number</u>	<u>Description</u>
A-1	Aerial image of subject site and surrounding area, prepared by Langan, dated April 12, 2018.
A-2	"Site Plan," Drawing No. CS 101, prepared by Langan, dated June 6, 2017, revised December 18, 2017.
A-3	"Grading and Drainage Plan," Drawing No. CG 101, prepared by Langan, dated June 6, 2017, revised January 29, 2018.
A-4	"Landscape Plan," Drawing No. LP 101, prepared by Langan, dated June 6, 2017, revised October 13, 2017.
A-5	"Cover Sheet," Drawing No. GI 101, prepared by Langan, dated June 6, 2017, revised December 18, 2017.
A-6	Architectural rendering, prepared by KSS Architects.

<u>Number</u>	<u>Description</u>
O-1	Figure 7 from 2018 Build Traffic Volumes, Sheet 7 of 7, prepared by Langan, dated April 13, 2017.
O-2	N.J.A.C. 16:47-4.37 Traffic Counts.
O-3	Website printout from www.accuweather.com entitled "Secaucus April Weather 2017 - AccuWeather Forecast for NJ 07094," 3 pages, printed on 4/23/2018.
O-4	NOAA weather report for Teterboro, NJ, April 3-5, 2017.
O-5	Weather Underground report for KTEB, April 4, 2017.
O-6	Farmer's Almanac weather history for Secaucus, NJ, April 4, 2017.
O-7	Excerpt (page 21) from the ITE "Transportation Impact Analysis for Site Development: An ITE Recommended Practice," 2010 edition.
O-8	Letter, dated October 16, 2017, from Langan to Mark Skerbetz, NJSEA, with Figure 1 attachment.
O-9	Page 15 of the "Traffic Impact Study," prepared by Langan, dated June 6, 2017.
O-10	Letter from Langan, dated June 18, 2015, to Gabe Nunez, NJDOT, with NJDOT Driveway Access Permit Application and attachments.
O-11	"Sight Triangle and Truck Circulation Plan," Drawing No. CP-103, prepared by Langan, dated June 6, 2017, revised October 13, 2017.
O-12	NJ Transit Hudson County System Map of bus routes (two sheets).
O-13	"FHWA Traffic Noise Model (FHWA TNM) Technical Manual, Final Report," dated February 1998.
O-14	2015 and 2017 Existing Traffic Volumes, Sheets 2 of 7, prepared by Langan, dated March, 2015, revised June 30, 2015, and dated April 13, 2017.

A-7	Architectural floor plan, prepared by KSS Architects.
A-8	Architectural elevation plan, prepared by KSS Architects.
A-9	"Traffic Impact Study," prepared by Langan, dated June 6, 2017.
A-10	Acoustical study, prepared by Acentech, dated June 5, 2017.
A-11	Reciprocal easement agreement, dated September 29, 1992.
A-12	Letters dated July 17, 2017 and July 18, 2017, from Brian M. Chewcaskie, Esq., representing the Township of North Bergen, in support of the subject application.
A-13	Variance application for the subject project.
A-14	"Project Vicinity Plan," Drawing No. EX 101, prepared by Langan, dated June 6, 2017, revised October 13, 2017.
A-15	NJDOT access permit extension, dated April 17, 2018.
A-16	Note and spreadsheets prepared by Joseph Iloresco, acoustic engineer, Acentech.
A-17	Hackensack Meadowlands District zoning map - Town of Secaucus.
A-18	"Lighting Plan," Drawing No. LL 101, prepared by Langan, dated June 6, 2017, revised October 13, 2017.
A-19	"Lighting Notes & Details," Drawing No. LL 501, prepared by Langan, dated June 6, 2017, revised October 13, 2017.
A-20	"High-Cube Warehouse Vehicle Trip Generation Analysis," prepared by the Institute of Transportation Engineers, dated October 2016.

The following is a list of the exhibits submitted by the Objectors, Towers and Vee Jay, at the public hearing and marked for identification as follows:

O-15	Trip Generation Comparison-Lincoln Gateway, dated May 21, 2018.
O-16	Synchro 8 Report, "Lanes, Volumes, Timings, 6: Daffy's Way & Paterson Plank Rd, 2016 Build Condition, Weekday PM Peak Hour," page 6 and 8, prepared by Langan and submitted with the 3/13/15 Traffic Impact Study as part of NJSEA File No. 15-100; Synchro 9 Report, "Lanes, Volumes, Timings, 6: Daffy's Way & Paterson Plank Rd, 2018 Build Condition, PM Peak Hour," page 1 and 3, dated 04/13/2017; prepared by Langan and submitted with the 6/6/17 Traffic Impact Study.
O-17	"Lincoln Gateway Site Circulation Evaluation," prepared by Bowman Consulting, dated May 21, 2018.
O-18	"Lincoln Gateway Site Circulation Evaluation," prepared by Bowman Consulting, dated May 21, 2018.
O-19	Table 10-4, "Loading Space Dimensions," from ITE Transportation and Land Development, 2 nd Edition.
O-20	"Proposed First Floor Plan," Drawing No. SP-1, prepared by Michels & Waldron Associates, LLC, dated June 13, 2017, revised February 13, 2018.
O-21	Decision on the Variance Application from HMDC File No. 96-220, Tribune/Daffy's C.O.-Alteration, dated November 4, 1996.
O-22	Hackensack Meadowlands District Official Zoning Map, last revised and adopted January 20, 2009.
O-23	Map 15, "Land Use Plan," of the New Jersey Meadowlands Commission Master Plan, dated January 2004.
O-24	"Fiscal Impact Analysis," dated June 6, 2017, prepared by Langan.
O-25	Drive Shack renderings, 14 sheets.
O-26	"Meadowlands Mobility 2030," adopted May 2004.

- O-27 "Hackensack Meadowlands District Official Zoning Map," revised and adopted November 8, 1972.
- O-28 "Site Plan," Drawing No. SP-1, prepared by Mario V. Cammarano, P.E., R.A., dated October 12, 1992, revised through November 19, 1992.
- O-29 Excerpts of deposition testimony, MEPT Lincoln Crossing.
- O-30 Excerpts of deposition testimony, MEPT Lincoln Crossing.
- O-31 CBRE New Jersey Industrial/Flex Listings, dated October 9, 2014.
- O-32 Email chain between Chase Wells of SCG Retail and Martin Standiford of Bentall Kennedy, including copied recipients L.Gero of Andover Company and Steven Majich, affiliation unknown, dated August 16 - 22, 2017.

B. Testimony

Thomas J. O'Connor, Esq., of the firm, Waters, McPherson, McNeill, P.C., represented MEPT Lincoln Crossing, LLC, at the hearing. The following witnesses testified in support of the application:

1. Daniel Miola, P.E., Civil Engineer, Langan Engineering.
2. Alan Lothian, P.E., Traffic Engineer, Langan Engineering.
3. Scot Murdoch, R.A., Architect, KSS Architects.
4. Joseph Horesco, Acoustical Expert, Acentech.
5. Gregory Woodruff, P.P., Professional Planner, Langan Engineering.

Joseph B. Fiorenzo, Esq., of the firm, Sills, Cummins, & Gross, represented the Objector, Towers, at the hearing. The following witnesses testified in opposition to the application on behalf of Towers at the hearing:

1. Dr. Thomas Brennan, P.E., Transportation Engineering, College of New Jersey.
2. Perry Frenzel, P.E., P.P., Civil Engineer and Professional Planner, Michels & Waldron Associates, LLC.

3. Leonard Gero, Towers Associates, Ltd.
4. Steven Lydon, P.P., Professional Planner, Burgis Associates.

Thomas H. Bruinooge, Esq., of the firm, Bruinooge & Associates, represented the Objector, Vee Jay at the hearing. The following witnesses testified in opposition to the application on behalf of Vee Jay at the hearing:

1. Perry Frenzel, P.E., P.P., Civil Engineer and Professional Planner, Michels & Waldron Associates, LLC.
2. Eric Keller, P.E., Traffic Engineering, Bowman Consulting Group.
3. Paresch Patel, Vee Jay International Corp.

C. Public Comment

The following members of the public were present and commented on the application:

1. Mary Blehl Walsh, North Jersey Group of the NJ Sierra Club.
2. William Sullivan, Esq., of the firm, Scarinci Hollenbeck, LLC, representing Mack Entities ("Mack"), owner of the adjoining warehouse property at Block 155, Lot 4.
3. Patrick Kelleher, speaking on behalf of union members in the building trades.

Staff findings and recommendations are based on the entire record. Transcripts of the public hearing sessions were prepared and transcribed by Beth Calderone, Certified Court Reporter; Susan Bischoff, Certified Court Reporter; Donna Lynn J. Arnold, Certified Court Reporter; and Mary Baumann, Certified Court Reporter.

IV. RECOMMENDATION

A. Standards for the Granting of a Use Variance from the Provisions of N.J.A.C. 19:4-5.52(a), where warehouse and distribution facilities are not listed as a permitted use in the Regional Commercial zone.

The District Zoning Regulations at N.J.A.C. 19:4-4.14(e)(2) provide that, *a use variance shall not be granted unless specific written findings of fact directly based upon the particular evidence presented are made that support conclusions that:*

- i. The strict application of these regulations will result in peculiar and exceptional practical difficulties to, or exceptional and undue hardship upon, the property owner;*

The subject property is a significantly oversized lot, with poor visibility from its two main access points, which are themselves limited in nature. As set forth below these factors, when taken together, constitute a peculiar and exceptional practical difficulty and exceptional hardship to the property owner.

At approximately 20 acres in size, the subject property is more than six times larger than the Regional Commercial zone's minimum required lot area of three acres. While, as the Objectors and their witnesses have pointed out, a large lot size will generally not constitute a "hardship," that principle does not hold true under the unique circumstances presented here.

The subject property contains frontage along four rights-of-way (ROWs), principally Route 3, Route 495, and the New Jersey Turnpike, with lesser frontage along Route 3 Ramp U at Bigley

Drive. Despite this extensive frontage along major roadways, however, the subject property is not accessible from them.

In a letter dated July 20, 2015, NJSEA Chief Engineer Sara Sundell issued a determination that the frontages along Route 3, Route 495, and the New Jersey Turnpike on the subject property are not deemed to be front yards, pursuant to N.J.A.C. 19:4-3.19(e), which states that, "in the case where a lot line abuts a right-of-way, where the improved edge of the right-of-way is grade separated from a front lot line or front yard, and from which there can be no reasonable access from the right-of-way due to such grade separation, the Chief Engineer may determine that such lot line or yard shall not be considered a front lot line or front yard." Objectors contend that the southerly lot line does not contain a grade separation adjacent to Route 95/495, asserting that the existing grade from the southerly lot line is at elevation 5 feet, and the elevation within the Route 95/495 ROW is at elevation 6 to 7 feet, referring to Exhibit A-14, Project Vicinity Plan. However, a review of the property survey submitted in the application's plan set (Dwg. VL-101, prepared by Joseph E. Romano, P.L.S., Langan Engineering, dated 12/09/2013, and revised through 06/06/2017), which contains measured spot elevations on the premises, indicates the majority of the existing elevations along the southerly lot line are actually between 1.12 feet and 4.01 feet. There are two spot elevations of 4.85 and 5.64 feet at the southeasterly corner of the property where Route 3 intersects with Route 495, which is shown on the Project Vicinity Map as the beginning of an upward sloping area abutting the State ROW line. The *improved* edge of the ROW in this area, which is along the curved entrance ramp to Route 495, is

at approximately elevation 12. There can be no reasonable access to the adjoining state ROWs for numerous reasons, not only due to the combination of this grade separation and the existing configuration of the roadway near the highest point along the southern property line, but also due to the classification of the adjoining roadways by NJDOT. Route 495 and the New Jersey Turnpike are classified as "AL-1", which are fully-controlled-access highways by the NJ State Highway Access Management Code. Access to or from the site from these ROWs is prohibited due to this classification. The site contains approximately 2,969 feet of frontage along these restricted ROWs. In comparison, the site contains approximately 162 linear feet of frontage along the northerly portion of Ramp U and 84.32 feet of frontage along the easterly portion of Ramp U, the property's designated front yards. The easterly Ramp U frontage is a gated emergency entrance to the site that is restricted by the NJDOT and not available for access by the general public. The fact that there is no potential public access available from the ROWs which represent 95 percent of the site's entire frontage is a significant practical difficulty affecting site development.

Ingress to the site is relegated to the use of two existing points of access at the northerly portion of the site. The first point of access is available from a signalized intersection at Paterson Plank Road, along an area identified as Daffy's Way, via a reciprocal access easement on adjoining Block 155, Lot 7 (Towers property). A second means of access from Ramp U is available along Bigley Drive, a long and narrow private road of approximately 450 feet in length, located within the boundaries of the subject property.

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number of "pass-by" trips to draw patrons to their location. The site does not have access from the frontages where development on the site would be visible, nor, as stated previously, is there the ability to gain additional access to the site.

Objectors offered the nearby Harmon Meadow development as a site comparable to the property in question. However, the NJSEA staff does not consider Harmon Meadow to be a valid comparison. While Harmon Meadow is accessible via two intersections along Paterson Plank Road, its principal means of access is gained through multiple access points along the Route 3 West Service Road and overpass from the Route 3 East Service Road. In addition, the interior of Harmon Meadow is serviced by multi-lane roadways and a number of signalized intersections. The 175-acre Harmon Meadow site is a destination containing a large-scale mix of uses, including retail, restaurants, hotels, office, a movie theater, indoor recreation, and residential uses. This scale could not be replicated on the subject 20-acre site, particularly when considering site access to the property is limited to only two points of ingress, with existing long and narrow driveways limited to one travel lane in each direction, and exiting movements restricted to right-turn only egress. The restrictive characteristics of this property relative to site access limitations are not commonly associated with a commercial site of 20 acres in size.

Considered individually, the large size of the property and the extensive site frontage would not appear to constitute a hardship for the development of a permitted commercial use on the site. However, taken collectively, the large size of the site and frontage,

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Notably, all turns exiting the site at both Daffy's Way and Bigley Drive are right-turn-only movements.

The main developable portion of the site is located at a distance of over 1,000 feet from Paterson Plank Road at the entry point of Daffy's Way, and approximately 500 feet from Ramp U at the entry point of Bigley Drive, via these two sole means of access, which negatively affects the visibility of the site by the traveling public along Paterson Plank Road and Ramp U. Visibility of the site is further constrained by the presence of existing buildings on the Towers, Mack, and Vee Jay properties located along the frontage of Paterson Plank Road and Ramp U, between the subject site and the roadways upon which access to the property in question is available.

The distance from the site's main points of access, combined with the presence of structures that obstruct visibility of the site from its main points of access, does present practical difficulties. Essentially, the site can be seen from heavily-traveled regional roadways but cannot be accessed from them; and the site is not visible from the roadways by which the property is accessed. This configuration is a unique and extraordinary set of conditions applying to the subject property, and was not created by the property owner. These particular site characteristics constitute a significant practical difficulty, particularly in the context of site development on a property in a commercial zone. Good site visibility is typically an important consideration for a commercial user when deliberating whether or not to locate on a particular site. Some commercial uses, and particularly retail uses, rely on a certain

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when paired with minimal means of access, the inability to gain additional access from other locations along the site's extensive frontages, and constrained visibility of the site from those access locations, represent a peculiar and exceptional practical difficulty and exceptional hardship that affects the ability of the property owner to develop a property with a use permitted in the Regional Commercial zone.

- ii. *The variance will not result in substantial detriment to the public good and will not adversely affect the public health, safety, morals, order, convenience, prosperity or general welfare.*

The Applicant requires a use variance to construct a new warehouse building on the subject property in the Regional Commercial zone. The evaluation of this criterion requires an assessment of the proposed use in the context of, not only the existing site conditions, but the surrounding sites in the vicinity of the property in question, as well as the potential impacts of the proposed use to its neighbors and the general public. As part of the subject application, the Applicant has submitted a Project Impact Assessment report, traffic analysis, and noise report evaluating the potential impacts of the proposed use.

Based on the record created during the public hearing, the NJSEA staff finds that the proposed use will not result in a substantial detriment to the public good, and will not adversely affect the public safety. The proposed warehouse use is not proximate to residential development, as that term is used in the NJSEA's regulations, and as discussed below, significant measures have

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been taken to protect against any impact to adjoining properties, including the adjacent Vee Jay hotel property. Improvements to the site and building will comply with Flood Plain Management regulations and FEMA requirements by elevating the finished floor of the building above the flood plain, which promotes the public health, safety and general welfare.

It is not anticipated that a substantial detriment to the area's air quality would be generated by the proposed warehouse building. There are no manufacturing processes proposed or airborne emissions resulting as a byproduct of the use within the building. Although Objectors and commenters at the public hearing have expressed concern regarding the number of trucks associated with the proposed use, the number of loading doors and truck parking spaces proposed is not extraordinary with respect to other new warehouse buildings being developed speculatively within the Meadowlands District. The fact that truck parking spaces are being provided, where none are required, provides an efficient layout where trucks can park and logistics operations can be staged within the same area, avoiding a situation where trucks may otherwise idle while waiting for an available loading door or attempt to park or idle on local streets. Nonetheless, any use of the site shall be required to comply with New Jersey State Air Pollution Control Laws and Codes at N.J.A.C. 7:27 and 7:27B, pursuant to N.J.A.C. 19:4-7.5. Therefore, the staff recommends, as a condition of this recommendation, noted as Condition No. 1 in Section V below, that an air quality monitoring program shall be implemented at the site to ensure compliance with NJDEP air quality requirements.

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site driveways is customary and is not a source of noise generation that is unique to a warehouse use. Trucks are commonly associated with commercial deliveries and other commercial activities essential to the function of many use types, including those commercial uses permitted in the Regional Commercial zone. The existing site driveways, while the site had been operational, were available for use by truck traffic, as the previous principal use on the site had been a warehouse use. The existing conditions immediately adjoining Bigley Drive include a parking area and the blank easterly façade of the Home Depot facility to the west, and, to the east, a driveway and the westerly façade of the Mack warehouse, largely devoid of openings with the exception of an emergency exit door and clerestory windows.

No substantial adverse impact is likewise anticipated to result on the vacant Towers parcel. During the course of the public hearing, representatives from Towers suggest that their site will be developed with a hotel use in the future, and that the proposed warehouse use would materially impact the ability to develop a hotel at that location. While this alleged impact is entirely speculative, in order to ensure that noise generated by the site's operations related to the warehouse use does not impact the vacant Towers parcel, the NJSEA staff recommends an alternative site design with respect to the proposed location of seven trailer parking spaces designated on the site plan to the west of the proposed building. With the removal of the seven truck parking spaces from the southwesterly paved area, the proposed warehouse use will situate all loading activities along the southerly building façade, at a distance of approximately 200 feet from the Towers vacant parcel.

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Likewise, with respect to noise, the proposed use will not result in a substantial adverse impact to adjoining properties. The configuration of the proposed building locates the facility's loading doors along the southerly building façade, at the most distant location to adjoining development. This design allows the proposed building to shield and obstruct both visibility and noise from receptors on adjacent properties. The Applicant has provided an acoustical evaluation demonstrating that the operations related to the warehouse use will comply with NJSEA performance standards relative to noise. Though critical of the evaluation provided by the Applicant, the Objectors failed to provide any acoustical evaluation of their own which dispute its conclusions. Regardless, the NJSEA staff recommends that the proposed use and any future rooftop equipment to be installed on the site shall be required to comply with all noise performance standards of N.J.A.C. 19:4-7.3. Therefore, as a condition of this recommendation, the Applicant shall be required to demonstrate as-built compliance with NJSEA noise requirements of N.J.A.C. 19:4-7.3 when the site becomes operational, noted as Condition No. 2 in Section V. below.

Objectors also assert that noises from trucks traveling on Bigley Drive would substantially adversely impact their properties. Noise emanating from passenger vehicles and trucks traveling along public ROWs and driveways from public ROWs is customary and incidental to any non-residential site's operations, as even permitted commercial uses require deliveries by trucks. The NJSEA and its predecessor agencies, have therefore not historically evaluated noise resulting from such traveling vehicles under the NJSEA's noise performance standards. The operation of trucks on

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The proposed building itself will act as a screen to obstruct the view of the loading area and noise resulting from the activities in this area. The same cannot be said of the impacts to Towers' prospective hotel by the existing Home Depot facility, which includes a loading area, outdoor garden center, and outdoor storage and staging areas in the rear of the Home Depot lot, immediately adjacent to the potential hotel use on the Towers vacant parcel. Therefore, this recommendation is conditioned on the removal of the seven trailer parking spaces proposed in the southwesterly portion of the site, noted as Condition No. 3a. in Section V below. This area may be used instead for car parking or landscaped open space, but not for trailer parking, storage or operations.

With respect to visual and noise impacts to the Vee Jay hotel property, an improvement can be anticipated under the proposed conditions. Seven existing loading areas located along the northerly façade of the existing warehouse building will be removed with its demolition, and an 11-foot-wide landscaped buffer will be installed between the proposed parking area on the subject property and the Vee Jay property, where only a five-foot-wide buffer is required. The area between the proposed warehouse building and the hotel will be a parking lot for passenger vehicles. Vee Jay asserts that hotel guests would request reimbursement due to noise originating from the warehouse use on the subject property. This assertion is not given credence by the NJSEA staff, based on the findings herein.

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The public order also will not be substantially adversely affected by the proposed warehouse use. The site is zoned for development and any use of the site will generate traffic. Generally, traffic associated with warehouse uses is anticipated to occur at off-peak times of day. The logistics of warehouse operations optimize the movement of goods quickly and efficiently, and most traffic associated with warehouse uses is expected to occur earlier and/or later than peak commuting periods in order to facilitate the movement of goods in an efficient manner. In fact, the New York City DOT Off-Hour Deliveries program promotes deliveries in the city by trucks between 7:00 PM and 6:00 AM as a way to improve travel speeds and service time, as compared to deliveries performed during congestion periods. Due to the close proximity of the proposed warehouse to New York City, it is conceivable that trucks from the facility will be traveling to the city and participating in such programs. Congestion on major interstate highways, including the New Jersey Turnpike, is also typically reduced during the late night and early morning hours, which becomes a more efficient and cost-effective time for long-distance and interstate deliveries. The operations of the proposed use are not expected to interfere with traffic associated with the later morning start times typically associated with most retail development.

The proposed warehouse use on the site will not cause a detriment to area morals, but will restore a vacant, underutilized, and isolated site, which may potentially be subject to vandalism and other illicit activities, to active use. Additionally, the public prosperity will not be adversely affected. The proposed reuse of the site will

indicating sufficient capacity is anticipated to be available for these utilities to service the site. The Applicant has indicated that the Secaucus MUA does not provide will-serve letters to developers, but indicates its willingness to accept the sewerage from the proposed development.

As part of the development of the property in question, the Applicant proposes to upgrade the existing utilities on the site, particularly with regard to drainage and floodplain requirements, as well as improvements to fire safety via the installation of a water tank and pump house for standby fire suppression purposes on the premises.

While site utilities and stormwater controls would have to be evaluated, and likely upgraded, for any new development on the property, the proposed improvements will nonetheless result in a functional utility and drainage system on the site, which will not negatively impact neighboring properties. The site and building will be elevated to comply with Flood Plain Management regulations and FEMA requirements, which will result in a public benefit through the promotion of resilient development.

The proposed use will also not decrease the ability of this infrastructure to perform in a safe and efficient manner, but rather, will result in overall improvement and upgrading of the site's infrastructure.

Access to and from the site is provided via two private driveways, Daffy's Way and Bigley Drive, off of Paterson Plank Road and

generate employment opportunities in the area, and will produce tax revenue in excess of the costs required for public services according to the fiscal impact assessment provided by the Applicant.

The proposed warehouse use will not substantially adversely affect the convenient use of and prosperity on adjacent properties. The subject property is comparatively isolated in relation to adjoining uses. The principal activities on the adjoining properties are oriented toward their frontages on Paterson Plank Road, Ramp U, and Route 3. The loading activity on the subject property is proposed to be located in the most distant location available with respect to adjoining properties.

The proposed use variance will, therefore, not result in substantial detriment to the public good, and will not adversely affect the public health, safety, morals, order, convenience, prosperity, or general welfare.

iii. Adequate infrastructure, including storm and sanitary sewers, utilities, access roads, will be provided and shall be so designed to prevent and/or minimize negative impacts upon the existing infrastructure. In addition, the proposed use will not decrease the ability of said infrastructure to perform in a safe and efficient manner.

The subject site is a previously developed property that currently contains access to public utilities, including storm and sanitary sewers, public water, gas, electric, and telephone service. Will-serve letters have been received from Suez, PSE&G, and Verizon,

Ramp U, respectively. Access to the westerly portion of the site is provided via Daffy's Way along an access easement through the Home Depot (Towers) site. The intersection of Daffy's Way and Paterson Plank Road is signalized. The second driveway, Bigley Drive, is located approximately 500 feet to the east of Daffy's Way, where it intersects with Ramp U. A third point of access, located along the Route 3 eastbound Service Road near its intersection with Ramp U, is a gated access point restricted by the NJDOT to use by emergency vehicles only.

Both the Daffy's Way and Bigley Drive site driveways are restricted to right-turn-only movements exiting the site. Vehicles exiting at Daffy's Way may make a right turn onto either Paterson Plank Road or Ramp U. Vehicles exiting at Bigley Drive may only exit right onto Ramp U. The Applicant proposes improvements to the Bigley Drive intersection with Ramp U to expand the turning radius for trucks exiting the site, and has obtained an NJDOT permit to install the improvements within the NJDOT right-of-way. These improvements will promote a safer circulation pattern at this intersection.

There were some concerns expressed by Objectors that the location of the proposed guard booth near the southerly portion of the Daffy's Way driveway could potentially cause a queue of vehicles attempting to enter the loading area, thus causing traffic to back up onto the Towers property. The NJSEA staff does not anticipate such back-up queues on to the Towers property because of the extensive queuing length of the driveway from Daffy's Way, as well as the numerous truck parking spaces available within the loading area to

accommodate trailers not utilizing the loading doors. However, in order to maximize the queuing length available on the site, the NJSEA staff recommends that, as a condition of this recommendation, the proposed guard booth at the terminus of the Daffy's Way driveway shall be relocated further south into the site, pursuant to Condition No. 3b of this recommendation in Section V. below.

Regarding site traffic, the Applicant's traffic expert provided a report analyzing the anticipated traffic to be generated by the proposed warehouse use, pursuant to the Institute of Transportation Engineers (ITE) Trip Generation Manual, 9th Edition, which was in effect at the time of application in June 2017. The scope of the Applicant's traffic report was determined in consultation with the NJSEA staff as required by N.J.A.C. 19A:7.10(b).

Objectors contest that the proposed warehouse use should be evaluated pursuant to the high-cube fulfillment center standards of the Institute of Transportation Engineers (ITE) Trip Generation Manual, 10th Edition, which was published in September 2017. Although MEPT's traffic expert was aware that a 10th Edition of the ITE Manual was available after MEPT's initial application submission date in June 2017, but prior to the public hearing date, he elected to continue to utilize the 9th Edition's Warehouse Land Use Code 150, which provided for higher trip generation rates for the proposed use than the 10th Edition's Warehouse Land Use Code 150, as well as the 9th Edition's High Cube Warehouse Distribution

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Land Use Code 155, leads the NJSEA staff to believe that the 10th Edition numbers, while published, are a place-holder to be further enhanced by future studies that will refine the results to apply to a wider range of facilities. In addition, the areas of the two buildings studied by ITE for Land Use Code 155 are approximately 700,000 square feet and 1,450,000 square feet, which are significantly larger than the proposed 325,856 square foot warehouse. Moreover, the study upon which the 10th Edition Land Use Code 155 was based (see Exhibit A-20), notes that the study was conducted during the busy December holiday season and does not represent the normal traffic expected to be generated by the use. The study (Exhibit A-20) also notes that for fulfillment centers, there are insufficient data to derive usable trip generation rates. Finally, fulfillment centers typically contain a large number of smaller facility vehicles, such as delivery vans, which are not proposed to be accommodated by the Applicant's proposed site plan at the subject location. As such, the NJSEA staff is in agreement with MEPT's traffic expert regarding the use of the 9th Edition's Warehouse Land Use Code 150 as a conservative study of the proposed traffic conditions.

Objectors also called into question the accuracy of MEPT's traffic counts, as the measured traffic counts were substantially lower than counts taken by MEPT during the course of a previous application in 2015. The NJSEA staff accepts the findings of MEPT's traffic expert regarding the accuracy of the traffic counts submitted with the subject application. Traffic patterns shift over time. The fact that the traffic counts relied upon by MEPT's traffic expert represent a decrease from prior counts, conducted years earlier, is therefore not entirely surprising. In fact, the counts in the

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Center Land Use Code 152, and, therefore, resulted in a more conservative analysis.

Objectors stated that, based on the height of the building and the number of loading doors provided, the proposed warehouse use should be classified as a high-cube fulfillment center (ITE Land Use Code 155) pursuant to the 10th Edition. Objectors' traffic expert offered alternative trip generation estimates based on the various land use codes related to the 9th and 10th Editions of the ITE Manual. Objectors' traffic expert also stated that the traffic study should have relied upon the ITE's "High-Cube Warehouse Vehicle Trip Generation Analysis," dated October 2016 (Exhibit A-20), for the determination of the use as a high-cube fulfillment center, as this would result in a more conservative design.

Upon closer evaluation of this argument, the NJSEA staff are not persuaded, for a number of reasons. First, the number of studies, as data points, utilized as the basis for the 10th Edition's Land Use Code 155 (High-Cube Fulfillment Center) was limited to only two locations. This extremely small sample size calls into question the accuracy of the resulting trip data. By way of comparison, the trip generation estimates associated with the 9th Edition's Warehouse Land Use Code 150 are the result of studies of 23 locations for the AM peak and 31 locations for the PM peak. The Objectors' assertion that the 10th Edition should have been utilized fails to take into account that the 10th Edition trip data numbers are specifically noted by ITE to be used with caution, as they are based on a very small number of building samples. The fact that only two studies with a specific study period were included in the 10th Edition for

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MEPT traffic report are similar to traffic flow information available through the NJSEA's Meadowlands Adaptive Signal System for Traffic Reduction (MASSTR). MASSTR is an intelligent transportation system (ITS), operated and maintained by the NJSEA, which automatically coordinates the operations of traffic signals in the Meadowlands region, based on real-time traffic information, in order to maximize the flow of traffic throughout the region. Objectors did not conduct independent traffic counts to counter the alleged inaccuracies.

The Objectors also asserted that the traffic counts were improperly taken as there was inclement weather on the day of the counts. The Objectors presented four exhibits (Exhibits O-3, O-4, O-5, and O-6) that indicated it had rained 1.3 inches on April 4, 2017, and that was, in fact, the highest daily rainfall for the month of April that year. However, the Objectors failed to point out that Exhibit O-5, which listed an hourly weather history for KTEB, which is Teterboro Airport, indicates the majority of the rain fell between 2:49 AM and 3:51 AM, which is hours before typical commuter traffic time, when the traffic counts were started. While there was also some rain between 5:51 AM and 7:51 AM, this rainfall amounted to approximately 0.05 inches over a 2 hour period, which is considered insignificant. Therefore, the NJSEA staff has no issue with the weather conditions during the traffic counts used in the Applicant's traffic analysis.

Both the NJSEA staff and the Objectors questioned the Applicant's traffic expert about the increase in the delay at the intersection of Ramp U and the Route 3 Service Road, as indicated in the

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Applicant's Synchro analysis, which is the traffic modeling software utilized in the Traffic Impact Analysis (TIA). The Applicant's traffic expert testified that, according to the analysis, the intersection of Ramp U and the Route 3 Service Road Eastbound has a Level of Service (LOS) of F with a delay time of 68 seconds for the existing, no-build condition. In the future condition, the intersection also has a LOS of F, although with a longer delay of 127 seconds. As the intersection in question is stop-controlled by a Stop sign, the Synchro modeling software anticipates a full stop for vehicles entering the intersection of Ramp U with the Route 3 Service Road, which increases the amount of time each vehicle spends in the intersection. However, the Applicant's traffic expert testified that he observed real-time conditions at this location, which indicated that traffic flows more akin to a "yield" movement at that intersection, as opposed to a full stop. Therefore, he anticipates that the actual delay in traffic on Ramp U will be less than the modeled delay time. The NJSEA staff concurs with this observation, but does anticipate that traffic on Ramp U could worsen from existing conditions when the site is developed. However, the site is an existing developed site that had generated traffic, including truck traffic, when operational. Increased traffic in the area, including the Bigley Drive/Ramp U intersection, could be anticipated to result from any development of the site. In addition, the peak hours of operation of a warehouse use do not typically coincide with peak commuting periods of commercial uses, such as retail and office, which are located in the surrounding area.

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higher than the number of trips calculated in the TIA. The access permit allows 164 trips during the morning peak and 169 trips during the evening peak, whereas the TIA for the proposed development indicates that there will be 24 trips in the morning and 40 trips in the evening.

The Objectors' traffic expert also called into question the coding of the Synchro capacity analysis and listed several issues that they alleged caused the analysis to be flawed. First, they stated that the phasing of the existing traffic signals along Paterson Plank Road was not properly input into the program. In several locations within the report results, there are numbers with exclamation points, which they assert signifies a phase conflict between lane groups and improper coding within the program, which skews the results. The NJSEA staff rejects the claim that the analysis was improperly coded. The Synchro model was set up in a way to analyze the two intersections separately, while the signal timing in the field for the two signals is operated by one single controller. The exclamation points appeared in the report because of the unique geometry of the two adjacent intersections. Even though it appears in Synchro that there is a phase conflict, the controller in the field controls the upstream signal so that no traffic flow will go through the conflicting phase. Therefore, the NJSEA staff has no issue with the coding of these intersections and the exclamation points in the Synchro report.

Next, with regard to the Synchro analysis, the Objectors' traffic expert indicated that the heavy vehicle percentage should have included buses, which results in understating the heavy vehicle

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The Objectors' traffic expert testified that there will be conflicts between WB-67 trucks exiting Bigley Drive and any vehicles entering Bigley Drive. The Applicant has sought and received approval from the NJDOT to modify the curbing within the Ramp U right-of-way at Bigley Drive to facilitate the movement of vehicles exiting the site. The NJDOT-approved modifications shown will eliminate the need for a WB-67 vehicle from crossing into the on-coming traffic lane of Ramp U when exiting the site. While this is a significant improvement over the existing configuration, a truck of that size will require swing room on Bigley Drive at the approach to the exit. As a result, a vehicle entering Bigley Drive at the same time may be required to stop and wait for the exiting truck to clear Bigley Drive. Such conflicts are not uncommon within the District, and there is sufficient space within the entrance of Bigley Drive for the full length of a WB-67 vehicle to pull completely off of Ramp U while waiting for a truck to clear the driveway. As such, the NJSEA staff agrees that the NJDOT-approved widening will improve the existing conditions of Bigley Drive. The frequency of a conflict between vehicles entering and exiting is not anticipated to be so great as to warrant restrictions on Bigley Drive.

In addition, the Objectors contend that the NJDOT did not grant the extension of the NJDOT permit based on the proposed site plan. This contention is more appropriately raised by Objectors with the NJDOT. It is the responsibility of the Applicant to obtain all necessary approvals from other governmental entities with jurisdiction. However, the restrictions in the NJDOT permit placed on the number of vehicles utilizing Bigley Drive are significantly

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percentages in the analysis. The NJSEA staff agrees that buses could have been included in the calculation of heavy vehicle percentages, but does not believe the omission is significant. Buses generally account for less than 3 percent of the total traffic volumes; their exclusion in the heavy vehicle percentages could not have a meaningful impact the results of the analysis.

The Objectors' traffic expert also testified that a default code in the Synchro program was used for loop detectors, instead of using the specifics related to this intersection, which affects the accuracy of the capacity analysis results. The NJSEA staff asserts that the difference between the default and site specific coding is minimal and will not have a significant impact on the analysis results. It should also be noted that Synchro is a macroscopic analysis software and has some limitations when used to code the fully-actuated and self-adaptive system of the MASSTR³ signals. The NJSEA staff recognizes these limitations and has evaluated the Synchro results in light of the staff's familiarity with and local knowledge of the daily operations of this intersection. Therefore, the NJSEA staff accepts the Applicant's detector coding in the Synchro program.

The Objectors' traffic expert also testified that, for the northbound New Jersey Turnpike exit ramp right turn, the program's results issued a warning for both no build and build conditions that the 95th percentile volume exceeds capacity. In addition, the length of the queue exceeds the available storage; specifically, the length of available storage is 200 feet, yet during the AM peak, the Synchro reports notes that the length of the queue was 327 feet in the AM

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and 396 feet in the PM. The NJSEA staff has reviewed this assertion. As mentioned above, the fully-actuated and self-adaptive system of the MASSIR signals cannot be fully accounted for when coded in Synchro. Based on the NJSEA staff's familiarity with and local knowledge of this intersection, the adaptive signal at this intersection helps to reduce queue length at this approach and the LOS is acceptable. Therefore, the NJSEA staff has no issue with the queue lengths in the report.

The Objectors' traffic expert also testified that the Synchro analysis input has a parameter called "Enter Blocked Intersection," meaning that traffic is entering a congested area in that intersection or the intersection is blocked because of existing traffic. The NJSEA staff has reviewed this assertion. Based on the NJSEA staff's local knowledge and experience, the traffic conditions at this intersection do not warrant changing this parameter to a different value. Therefore, the NJSEA staff has no issue with how this parameter was set in the Synchro analysis.

The Objectors' traffic expert expressed concern regarding the impact of the existing bus stops and the dwell time of the buses at the stops, which was not incorporated in the analysis. His concern included the fact that the bus stops located along Paterson Plank Road are used by hotel patrons traveling into NYC and employees of the warehouse who may also choose to use the bus. The NJSEA staff has determined that because buses generally account for less than 3 percent of the total traffic volume in this area, the inclusion of buses is not expected to have a significant impact on the results of the analysis. However, to account for the full effect of any bus

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not a true comparison of the incremental impact of the proposed development. The NJSEA staff disagrees with this statement. As mentioned in previous sections, the signal at this intersection is part of the MASSIR system, which is fully-actuated and self-adaptive. Under MASSIR, the cycle length and green time change automatically during every cycle according to real-time traffic demand. Therefore, the NJSEA staff believes the Applicant's coding of cycle length and green time in Synchro is correct.

The Objectors' traffic expert also stated that the Synchro analysis has been coded to allow "Right Turn on Red" from eastbound Paterson Plank Road to Daffy's Way, but there is no stop bar within the intersection at Daffy's Way, resulting in improper coding. The NJSEA staff has determined that the coding does not affect the result of the analysis, since the upstream traffic is controlled by the same controller in the field and there is no conflicting traffic.

Overall, the NJSEA staff believes that the coding and assumptions in the Applicant's Synchro capacity analysis are generally acceptable. Some minor revisions to refine the analysis should be implemented, as discussed above, and in accordance with Condition No. 4 of Section V. below.

The Objectors' traffic expert noted that a portion of Daffy's Way located on the subject property narrows down at a particular point to the west of the Towers vacant parcel, thereby preventing entering and exiting truck traffic from traveling concurrently at that location. He continued to state that this situation would result in a queue of vehicles going back to Paterson Plank Road. NJSEA staff

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blockage at the intersection, the NJSEA staff recommends that, as a condition of this recommendation, noted as Condition No. 4 in Section V. below, the Applicant shall revise the TIA, for review and approval by the NJSEA staff, to include buses in the heavy vehicle percentages and adjust the bus blockage factor in Synchro accordingly.

The Objectors' traffic expert pointed out that the capacity analysis was not adjusted for the field change of one of the two "through" lanes to a shared "through/right" lane. In the no-build and the PM peak analysis, there is a warning that the "shared through/right" lane should be coded as a right turn lane because of high right turning volumes, but Synchro was not coded this way. The NJSEA staff has reviewed this assertion and notes that the program was coded using the actual field conditions with one "through" lane, one shared "through/right" lane and one "right only" lane. The NJSEA staff has determined that the "warning" in Synchro does not have significant impact on the result of the analysis. As mentioned in the previous section, Synchro has some limitations when coding the fully-actuated and self-adaptive system of MASSIR. Based on the NJSEA staff's familiarity with and local knowledge of this area, the overall LOS reported in the TIA is consistent with the actual operation of the intersection. Therefore, the NJSEA staff has no issue with this coding.

The Objectors' traffic expert testified that the Synchro analysis should have been coded to use the same cycle length and green time when comparing no build to build conditions. As the Applicant's traffic analysis had changes in the green time, this is

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recognizes that the configuration of the driveway and the existing curbed island that extends into the driveway may cause potential conflicting movements between vehicles travelling in opposite directions. A simple reconfiguration of the driveway and curbed island would allow more free-flowing traffic in this location. Therefore, this recommendation is conditioned on site plan revisions to the Daffy's Way driveway in this location to allow enhanced two-way traffic flow, pursuant to Condition No. 3c of this recommendation in Section V. below

The Objectors' traffic expert further attested that vehicular conflicts would result from the drive aisle located through the row of 26 parking spaces within the 60-car parking lot to the south of Towers vacant parcel, which connects Daffy's Way and Bigley Drive. While it is desirable to separate automobile and truck traffic to the maximum extent possible, the 26 spaces are only a small portion of the 282 car parking spaces provided. The majority of the parking spaces are located to the north and west of the proposed warehouse. Based on the location of the proposed guardhouse and security fence, it appears the plan anticipates that only cars will access the drive aisle with the 26 car parking spaces, while trucks would be directed straight along Daffy's Way to the guardhouse prior to accessing the facility's loading doors. In order to ensure that this drive aisle is utilized by cars only, NJSEA staff recommends that signage be installed prohibiting tractor trailers from making a left turn into that aisle. Therefore, this recommendation is conditioned on the installation of signage prohibiting tractor trailers from utilizing the drive aisle through the 60-space car parking lot on the west side of the proposed

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warehouse, pursuant to Condition No. 3d of this recommendation in Section V. below

The Objectors' traffic expert testified that the loading docks and trailer parking spaces do not have sufficient drive aisle room for a WB-62 vehicle to maneuver out of the space without multiple movements, as interpolated from the chart provided in Exhibit O-19. As a result, trucks would be impeded from entering the loading area from Daffy's Way. The NJSEA staff believes that, while certain truck types may not be able to maneuver into a loading space in one movement, the proposed loading space length and aisle width are comparable to those at other warehouses in the District. As stated previously, the NJSEA staff does not anticipate back-up queues onto the Towers property, but does recommend that, as a condition of this recommendation, the proposed guard booth at the terminus of the Daffy's Way driveway shall be relocated further south into the site, pursuant to Condition No. 3b of this recommendation in Section V. below.

The NJSEA staff reviews numerous warehouse applications per year, including applications for new warehouse buildings being built on a speculative basis. The proposed warehouse is not a new or unique type of warehouse facility that has never before been proposed in the District. The NJSEA is familiar, through its nearly 50 years of regulating development in the largely-industrial District, with how warehouse facilities have evolved over time and how they currently operate. The proposed warehouse use is not inconsistent with newer warehouse development that has been constructed in the Meadowlands District, as high ceilings and

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environment, nor do they portray an attempt by the property owner to maximize their profit.

The proposed warehouse will comply with all NJSEA and FEMA flood plain requirements. Additionally, the Applicant has attested that the proposed warehouse will comply with all performance standards of N.J.A.C. 19:4-7 related to noise, vibrations, airborne emissions, glare, hazardous and radioactive materials, and wastewater. Therefore, this recommendation is conditioned on the Applicant providing a demonstration of as-built compliance with the performance standards relative to noise and airborne emissions and the implementation of mitigation measures in the event that any of these standards are exceeded, pursuant to Conditions No. 1 and 2 of this recommendation in Section V. below

v. *The variance will not substantially impair the intent and purpose of these regulations.*

The intent and purposes of the District Zoning Regulations contain several goals and objectives for development within the Meadowlands District, which are found at N.J.A.C. 19:4-1.2(a). Those purposes applicable to the subject proposal include the following:

1. *To provide for the orderly and comprehensive development of the District, consistent with the carrying capacity of the land and the preservation of critical wetland areas in accordance with the Master Plan of the NJSEA;*

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numerous loading doors are the modern standard for new warehouse construction.

Accordingly, adequate infrastructure, including storm and sanitary sewers, utilities, and access roads, will be provided to accommodate the proposed warehouse use. The existing site driveways are proposed to be improved to the extent possible, by the NJDOT-approved revisions to the Bigley Drive exit and revisions to the Daffy's Way driveway recommended as conditions of approval. For the reasons stated herein, the proposed use will not decrease the ability of the site's infrastructure to perform in a safe and efficient manner.

iv. *The variance will not have a substantial adverse environmental impact.*

The requested variance will not result in a substantial adverse environmental impact. The proposed warehouse building will comply with all bulk requirements of the Regional Commercial zone. In comparison with the maximum 40 percent lot coverage permitted in the Regional Commercial zone, in industrial zones where warehouse uses are permitted, the lot coverage by structures may be a maximum of 50 to 60 percent of the lot area. The Regional Commercial zone also requires that the site maintain a minimum of 20 percent of its lot area as open space, whereas industrial zones in the District permit a minimum open space of 15 percent. Furthermore, the proposed FAR of 0.38 on the site is well below the permitted maximum FAR of 0.75 in the RC zone. All required setbacks are maintained. Altogether, these characteristics signify that the site is not being overdeveloped to the detriment of the

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The warehouse use is proposed to be accommodated at the subject location in an orderly manner, and complies with all required bulk criteria, including lot area, setbacks, open space, and lot coverage. The Applicant has provided a comprehensive site plan including grading and drainage, lighting and other construction details, as well as supplementary reports, demonstrating that the proposed use can be accommodated within the carrying capacity of the land.

3. *To promote the conservation of open space and valuable natural resources and to prevent sprawl and degradation of the environment through improper use of land;*

The proposal will be accommodated on a site that is currently developed, thereby diverting development pressure away from undeveloped open areas and sensitive wetlands.

4. *To preserve an ecological balance between natural and open areas and development;*

The proposed warehouse use at the subject property will preserve an ecological balance between natural and open areas and development. Open space areas on the site will be provided in exceedance of the minimum requirements. Stormwater improvements, including water quality and quantity controls, are proposed to address potential impacts from developed areas on the site to its natural features.

6. *To provide sufficient space in appropriate locations for a variety of industrial, warehouse, office, retail, residential, recreational, water dependent, and other uses, including mixed uses;*

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In theory, the site's large area and frontage on major regional roadways characterize it as an appropriate site to accommodate the types of uses permitted within the Regional Commercial zone. In practice, this theory falls short. As detailed within this recommendation, the site's particular characteristics affect the ability of the site to be developed in accordance with the permitted uses of the RC zone.

The zoning changed on the subject property in 2004 from an industrial zone to a commercial zone, pursuant to the Land Use Plan of the 2004 Hackensack Meadowlands District Master Plan. At that time, accessory retail uses existed on both the subject site and the adjacent Mack warehouse site. There was no intent to increase the land area accommodating commercial uses in the District. Since that time, occupancy of the subject premises has ceased, and the retail area in the Mack building was converted to warehouse use. Although a use variance is required for the proposed location of a warehouse use within a commercial zone, this particular site is an appropriate location to accommodate the proposed use. The subject property is located on the southwesterly periphery of the RC zone, in an obscure location in relation to its available points of access. The hardships associated with the site's visibility from its access points are not as significant a burden for a warehouse use as they are for a commercial use. Yet, the site's benefits of proximity to regional roadway access remains, and this proximity provides accessibility to a regional market area, making the site an appropriate location to accommodate a warehouse use. Furthermore, the proposed use will not be out of character with the

for conflicts between trucks and passenger vehicles, and the separation of truck parking from passenger vehicle parking is effectively achieved by the proposed site design.

9. To promote a desirable visual environment through building design and location;

The proposed warehouse building will replace an existing vacant and obsolete warehouse building on the site. The proposed building materials will not cause glare or other negative visual impacts to surrounding properties or roadways. Open space is provided in excess of the minimum requirements, and landscaping is proposed throughout the property and along the site's property lines.

10. To provide for infrastructure and utility improvements of the land adequate to serve the uses to be developed on that land;

The Applicant has contacted site utility providers relative to water, sewerage, electric and telephone and has obtained will-serve letters demonstrating adequate utility capacity exists to accommodate the proposed warehouse use. The proposed site infrastructure and utilities will be upgraded to accommodate the proposed new warehouse building on the site. The proposed building will be elevated to comply with NJSEA and FEMA flood plain development requirements, and the site's stormwater management system will include water quality and quantity controls. A water tank is proposed to aid in firefighting capacity. Improvements to the site's existing driveways are proposed to improve vehicle circulation to the extent possible.

visual environment of the neighborhood, as adjacent properties include a warehouse and big-box retail store, respectively.

7. To provide that such uses are suitably sited and placed in order to secure safety from fire, flood and other natural and man-made disasters, provide adequate light and air, prevent the overcrowding of land and undue concentration of population, prevent traffic congestion, and, in general, relate buildings and uses to each other and to the environment so that aesthetic and use values are maximized;

The proposed warehouse use is compliant with all bulk requirements of the RC zone, thereby providing adequate light, air and open space. The building is suitably-sited, with the placement of the loading areas along the southerly façade at a distant location from adjoining properties. Landscaping is also proposed to maximize aesthetic values. Site-generated traffic associated with warehouse uses typically occurs during off-peak hours of the roadway, and not during normal commuting hours. Additionally, the site is a developed site that had generated traffic associated with warehouse, office, and retail uses when it was occupied.

8. To promote development in accordance with good planning principles that relates the type, design and layout of such development to both the particular site and surrounding environs;

The proposed design and layout of the building is being implemented in accordance with good planning principles. The building is centrally located, with the site's loading area proposed to be located in a distant location from adjacent private properties, thereby avoiding any detrimental visual impacts to neighbors. The proposed location of the loading doors also minimizes the potential

11. To encourage the location and design of transportation routes that will promote the adequate flow of traffic and minimize congestion;

The location and design of the site's transportation routes are predetermined. The site is an existing developed site relegated to the use of two access driveways. Improvements to these driveways are proposed within the constraints of the existing site configuration.

12. To encourage the development of a variety of transportation modal choices and to decrease dependence on automobiles as the primary means of transportation;

The proposed warehouse will serve a regional market area. Access to public transit is available to the site via bus stops along Paterson Plank Road.

13. To protect the District from air, water, noise and other types of pollution;

The proposed warehouse use will not significantly impair the condition of air quality, water quality, or noise. Conditions of this recommendation will ensure that noise and air quality are within the required levels established by the performance standards of the District Zoning Regulations. Water quality measures are also proposed to be installed within the site's stormwater management system.

14. To control surface water runoff and prevent flooding and other damage to land and to encourage the control of soil erosion and sedimentation;

The Applicant has configured a stormwater system that will sufficiently accommodate surface water runoff and treat water

quality at the site. The building will be elevated above the flood plain, and no negative impacts are anticipated to occur to neighboring properties. Any fill of the site will require a fill permit by the NJSEA, and a soil erosion and sediment control plan will be required to be submitted to the Hudson/Essex/Passaic Soil Conservation District for review and approval.

The District Zoning Regulations also provide specific purposes for each zone within the District. The purpose of the Regional Commercial zone, in which the subject property is located, according to N.J.A.C. 19:4-5.51 states that "the Regional Commercial zone contains large-scale commercial development proximate to major roadways and is designed to accommodate a range of commercial uses serving a regional market area. Development in the zone should incorporate regional retail facilities and large-scale commercial employment centers."

The proposed warehouse use is intended to function as a storage and distribution facility. Objectors state that the specific nature of the warehouse use cannot be definitively determined at this time, since the proposed warehouse use is being built speculatively, i.e., without a specific user in mind. However, the NJSEA regulations classify the proposed use as a "warehouse and distribution facility," which is defined at N.J.A.C. 19:4-2.2 as "an establishment primarily used for the storage, loading, unloading, and/or distribution of goods, products, or materials, which may include accessory consolidation, repacking and value-added services. Such facility may include accessory parking and storage of trucks and trailers, and accessory maintenance of trucks owned by the

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of the Mack property, there is a parking garage, and further east, a hotel, both located on the Vee Jay property. The proposed warehouse use on the subject site will be consistent with the prevailing character of the surrounding development pattern in the immediate vicinity of the site.

Although not commercial in nature, the proposed warehouse does satisfy a critical component of the RC zone's intent, as warehouse uses are necessary to support regional retail uses and, consequently, the site contains the potential to serve the regional market area. Additionally, the proposed warehouse will become an employment center and create employment opportunities on a currently defunct site.

Therefore, the requested use variance will not substantially impair the intent and purpose of the District Zoning Regulations.

vi. The variance at the specified location will contribute to and promote the intent of the District Master Plan.

The subject property is located in the Commercial Corridor area of the Land Use Plan of the Hackensack Meadowlands District Master Plan, adopted in 2004. The intent behind this land use designation was to include properties that contained existing commercial uses within proximity to regional roadways. The existing land use of the site is classified as industrial.

The planning objectives in the 2004 District Master Plan prompted the change in the zoning designation of the site, from its previous

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facility." Any use of the site as a warehouse must comply with this definition.

The question as to whether the warehouse use of the site has been abandoned is considered moot by the NJSEA staff. The staff acknowledges that the property has historically operated, principally as a warehouse use. When the Applicant purchased the property, the site existed as a warehouse use. A warehouse structure currently exists on the site. However, the Applicant proposes to demolish the existing structure and construct a new warehouse building on the site, which is not a use currently permitted on the site. The NJSEA and its predecessor agencies have historically required any applicant who is removing an existing structure to adhere to the current regulations at the time of application, without consideration for past non-conformities. Therefore, the Applicant has applied for a use variance, which is the subject of this recommendation report.

To the north, the subject property is located adjacent to a Home Depot facility, which is commonly classified as a "big box" retail development, and is visually similar to a warehouse use. Home Depot facilities are patronized by contractors in the building trades, and sell lumber and other bulky building materials that are not commonly found in a traditional commercial environment, such as Harmon Meadow. The site is also located adjacent to another warehouse use on the Mack property. Notably, the Mack warehouse previously contained an accessory retail use, operating as an Ethan Allen furniture outlet for a number of years, although the retail component has since been eliminated from the Mack premises. East

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light industrial zoning category, to the Regional Commercial zone, a new zoning designation created in response to the 2004 Master Plan, which sought to consolidate the existing commercial uses in the area into one regional zone. The 2004 Master Plan did not seek to expand commercial uses within the District.

The Master Plan painted the proposed Land Use Plan with broad strokes in terms of the proposed vision it intended for the subject area. In some cases, such as in the instant application, there are specific reasons as to why that vision cannot be realized based on individual circumstances. The Master Plan did not investigate this particular site's ability to access the regional roadways upon which it is located.

The Master Plan also did not anticipate the challenges that commercial uses would face from the growth of e-commerce. Since the adoption of the 2004 Master Plan, operations at the subject property, including the retail component, as well as the accessory retail outlet at the adjoining Mack warehouse, have ceased. The NJSEA staff attributes the demise of retail at the subject properties, in part, to the challenging accessibility associated with their respective locations along Ramp U.

Nonetheless, the subject application does further and promote the basic objectives of the Master Plan for the District. The proposal is privately redeveloping an underutilized, previously developed site, diverting development pressures from undeveloped, environmentally-sensitive open space areas. This promotes a specified goal of the Master Plan (Page 1-7), which is "to prevent

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urban sprawl and degradation of the environment through improper use of land." Another specific goal of the Master Plan promoted by the subject application is "to promote a suitable array of land uses which encourage economic vitality with job creation, and support the public health, safety, and general welfare."

V. SUMMARY OF CONCLUSIONS

A. Standards for the Granting of a Use Variance from the Provisions of N.J.A.C. 19:4-5.52(a), where warehouse and distribution facilities are not listed as a permitted use in the Regional Commercial zone.

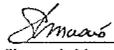
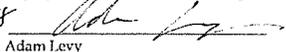
Based on the record in this matter, the use variance application to permit a warehouse and distribution facility with a maximum area of 325,856 square feet on the subject property in the Regional Commercial zone is hereby recommended for **CONDITIONAL APPROVAL** subject to the following **CONDITIONS**:

1. The site shall comply with the requirements of the New Jersey State Air Pollution Control Laws and Codes at N.J.A.C. 7:27 and 7:27B, pursuant to N.J.A.C. 19:4-7.5. The Applicant shall provide an air quality plan for review and approval by the NJSEA Chief Engineer prior to the issuance of any Certificate of Completion and/or Occupancy Certification for the building. The plan shall include air quality monitoring provisions for a minimum period of one year from the date of issuance of a Certificate of Completion and/or Occupancy Certification and 100 percent occupancy level. The NJSEA reserves the right to extend the time period for air quality monitoring at the site, and to require the posting of a performance guarantee to ensure compliance and/or implementation of any identified mitigation measures.

2. An as-built noise evaluation shall be submitted by the Applicant within sixty (60) days of issuance of a Certificate of Completion and/or Occupancy Certification for the building demonstrating compliance with the requirements of N.J.A.C. 19:4-7.3. The NJSEA reserves the right to require additional sound testing and to require the implementation of mitigation measures within one year of the date of issuance of a Certificate of Completion and/or Occupancy Certification and 100 percent occupancy level.
3. The site plan shall be revised for review and approval by the NJSEA staff as follows:
 - a. The seven trailer parking spaces proposed in the southwesterly portion of the site shall be eliminated. This area may instead be used for car parking or landscaped open space, but not for trailer parking, storage or operations.
 - b. The proposed guard booth at the terminus of the Daffy's Way driveway shall be relocated further south into the site.
 - c. The Applicant shall provide plans for the reconfiguration of the Daffy's Way driveway on the subject property, including the curbed island, to allow enhanced two-way traffic flow and reduce the potential for conflicting movements between vehicles travelling in opposite directions.
 - d. The site plan shall be revised to indicate a sign prohibiting tractor trailers from utilizing the drive aisle through the 60-space car parking lot on the west side of the proposed warehouse.

This recommendation regarding whether the evidence presented supports a conclusion that the requirements of N.J.A.C. 19:4-4.14(e)(2) have been satisfied, also considers the extent to which the evidence demonstrates satisfaction of the items set forth in N.J.A.C. 19:4-4.14(f)(2). The Board of Commissioners, in

making their decision, shall base their conclusion on the entirety of the record of these proceedings.

<u>CONDITIONAL APPROVAL</u>	<u>8/23/18</u>	
Recommendation on Variance Request	Date	Sharon A. Mascaró, P.E. Deputy Director of Land Use Management
<u>Conditional Approval</u>	<u>8/24/18</u>	
Recommendation on Variance Request	Date	Adam Levy Vice President of Legal & Regulatory Affairs