



Board Meeting

Thursday, December 21, 2023

10:00 a.m.



**AGENDA
REGULAR SESSION**

Two DeKorte Park Plaza, Lyndhurst, NJ
Thursday, December 21, 2023

I. PLEDGE OF ALLEGIANCE

II. OPENING STATEMENT

III. ROLL CALL

IV. APPROVAL OF MINUTES AND CASH DISBURSEMENTS (Action)

- Approval of Regular Session Meeting Minutes of November 16, 2023.
- Approval and/or Ratification of Cash Disbursements over \$100,000 for the month of November 2023.

V. PUBLIC PARTICIPATION ON RESOLUTIONS

VI. APPROVALS

Resolution 2023-45 Consideration of a 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. 23-048, Meadowlands Logistics Center, LLC/Paterson Plank Rd. - New Building (Variance) Block 227, Lot 9 in the Town of Secaucus.

Resolution 2023-46 Consideration of a Resolution Accepting the 2022 Audit Report.

Resolution 2023-47 Consideration of a Resolution Adopting the NJSEA 2024 Budget.

VII. CONTRACTS/AWARDS

Resolution 2023-48 Consideration of a Resolution Authorizing the Placement of Property, Terrorism, General Liability, Excess Liability & Umbrella (Sports & Commission), Marine & Boat Hull, Public Officials, Crime & Fiduciary, Drone Hull Liability, Medical Professional, Heliport Liability, Cyber, Storage Tanks, Auto & Auto Physical Damage and Active Assailant.

Resolution 2023-49 Consideration of a Resolution Authorizing the Appropriation of \$400,000.00 to New Meadowlands Stadium Company, LLC (NMSC) in Connection with the 2024 CONMEBOL Copa America Tournament.

Resolution 2023-50 Consideration of a Resolution Authorizing the Appropriation of \$1,650,000.00 to New Meadowlands Stadium Company, LLC (NMSC) in Connection with the NHL Stadium Series.

- Resolution 2023-51 Consideration of a Resolution Authorizing the Allocation of Funds to Assist with Securing and Hosting a Large-Scale, Marquee Sporting Event at the Prudential Center in Newark.

VIII. **PUBLIC PARTICIPATION**

IX. **EXECUTIVE SESSION**

- Resolution 2023-52 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 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.

X. **MOTION TO ADJOURN**

REGULAR SESSION MINUTES



**REGULAR SESSION
BOARD MEETING MINUTES**

DATE: November 16, 2023

TIME: 10:00 a.m.

PLACE: Commission Meeting Room, Two DeKorte Park Plaza, Lyndhurst

Members in Attendance:

John Ballantyne, Chairman

Paul Juliano, President and CEO

Joseph Buckelew, Vice Chairman (via phone)

Armando Fontoura, Member

Michael H. Gluck, Esq., Member

Gail B. Gordon, Esq., Member

Michael Griffin, NJ State Treasurer's Representative (via phone)

Woody Knopf, Member (via phone)

Tom Mullahey, Member

Eric S. Pennington, Esq., Member (via phone)

Steven Plofker, Esq., Member (via phone)

Anthony Scardino, Member

Louis J. Stellato, Member (via phone)

Absent:

Robert Dowd, Member

Michael Gonnelli, Member

Also Attending:

Nicholas Mammano, Chief of Staff

Christine Sanz, Senior Vice President / Chief Operating Officer

Robert Davidow, Senior Vice President of Legal & Regulatory Affairs

John Duffy, Senior Vice President of Sports Complex Operations & Facilities (via phone)

Adam Levy, Vice President of Legal & Regulatory Affairs

Sara Sundell, Director of Land Use Management and Chief Engineer

Anna Acanfora, Director of Finance and CFO

Jamera Sirmans, Governor's Authorities Unit

Colleen Mercado, Executive Administrative Specialist

Chairman Ballantyne called the meeting to order.

- I. **PLEDGE OF ALLEGIANCE**
- II. **OPENING STATEMENT** – Chairman Ballantyne read the Notice of Meeting required under the Sunshine Law.
- III. **ROLL CALL**

IV. APPROVAL OF MINUTES AND CASH DISBURSEMENTS

Chairman Ballantyne presented the minutes from the October 26, 2023 Regular Session Board meeting.

Upon motion made by Commissioner Gluck and seconded by Commissioner Scardino the minutes of the Regular Session Board Meeting held on October 26, 2023 were approved with a vote of 13-0.

Chairman Ballantyne presented the report of cash disbursements over \$100,000 for the month of October, 2023.

Upon motion by Commissioner Scardino and seconded by Commissioner Fontoura the cash disbursements over \$100,000 for the month of October, 2023 were unanimously approved.

V. PUBLIC PARTICIPATION ON RESOLUTIONS - None

VI. APPROVALS

<u>Resolution 2023-42</u>	Consideration of a Resolution Adopting the 2024 NJSEA Annual Schedule of Meetings.
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Chairman Ballantyne presented Resolution 2023-42. Upon motion by Commissioner Gluck and seconded by Commissioner Scardino, Resolution 2023-42 was approved by a vote of 13-0.

<u>Resolution 2023-43</u>	Consideration of a Resolution Authorizing the Execution of a Settlement Agreement in the Matter New Jersey Sports and Exposition Authority v. ACE American Insurance Company Docket Number BER-L-002827-21.
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Ms. Sanz explained that as per previous legal briefings to the Board, staff negotiated a settlement agreement with ACE American Insurance Company in favor of the Authority in the amount of \$2.75 million. She noted that the Settlement Agreement was attached to the Resolution.

Vice Chairman Buckelew complimented staff on the good work in negotiating this settlement.

Chairman Ballantyne presented Resolution 2023-43. Upon motion by Commissioner Gluck and seconded by Vice Chairman Buckelew, Resolution 2023-43 was approved by a vote of 13-0.

VII. CONTRACTS/AWARDS

<u>Resolution 2023-44</u>	Consideration of a Resolution Authorizing a Contract with High Energy Electrical Testing, Inc., a RESA Power Company of New Jersey for a Transformer One Replacement in East Rutherford.
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Mr. Davidow said that he was standing in for Mr. Duffy. He explained that a request for bids for a transformer replacement was publicly advertised in August 2023, with three responsive bids being received. He said the lowest responsive bid was received from RESA Power Company of New Jersey in the amount of \$1.296 million. He noted that the transformer being replaced was over fifty years old and that the cost of a new unit versus repair was more beneficial to the Authority.

Chairman Ballantyne presented Resolution 2023-44. Upon motion by Commissioner Scardino and seconded by Commissioner Mullahey, Resolution 2023-44 was approved by a vote of 13-0.

VIII. **PUBLIC PARTICIPATION** - None

IX. **EXECUTIVE SESSION**

Chairman Ballantyne advised that there was no need for Executive Session.

Before adjourning, Chairman Ballantyne encouraged everyone to attend the Meadowlands Bald Eagle Festival being held at DeKorte Park on Sunday, January 14, 2024. He wished everyone on behalf of the Board a very safe and happy Thanksgiving.

X. **ADJOURNMENT**

With no further business, motion was made to adjourn by Commissioner Scardino and seconded by Commissioner Fontoura followed by all in favor.

Meeting adjourned at 10:13 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 November 16, 2023.



Christine A. Sanz
Secretary

November 16, 2023

Commissioner	Roll Call	2023-42	2023-43	2023-44
Ballantyne, Chairman	P	Y	Y	Y
Bucklelew, Vice Chairman -via phone	P	Y	Y	Y
Juliano	P	Y	Y	Y
Dowd	--	--	--	--
Fontoura	P	Y	Y	Y
Gluck	P	Y	Y	Y
Gonnelli	--	--	--	--
Gordon	P	Y	Y	Y
Knopf - via phone	P	Y	Y	Y
Mullahey	P	Y	Y	Y
Pennington - via phone	P	Y	Y	Y
Plofker - via phone	P	Y	Y	Y
Scardino	p	Y	Y	Y
Stellato - via phone	P	Y	Y	Y
Treasury Rep Griffin - via phone	P	Y	Y	Y

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

APPROVALS



CASH DISBURSEMENTS
\$100,000 OR MORE
NOVEMBER 2023

EAST RUTHERFORD - SPORTS COMPLEX

	<u>\$ AMOUNT</u>	<u>REFERENCE LETTER</u>	<u>ACCOUNT DESCRIPTION</u>
ENERGO POWER & GAS, LLC	480,435.31	J/L	ELECTRICITY CHARGES: OCT 2023
NEW MEADOWLANDS STADIUM CO., INC.	704,685.89	A	GRANDSTAND DEMOLITION & WORLD CUP REIMBURSEMENTS: NOV 2023
PUBLIC SERVICE ELECTRIC & GAS	114,317.79	J/L	ELECTRIC TRANSMISSION: OCT 2023
NEW JERSEY STATE POLICE	3,411,084.30	A/L	POLICE SUPPLEMENTAL OVERTIME SALARIES: JUL-NOV 2023
EAST RUTHERFORD - SC TOTAL	<u>4,710,523.29</u>		

LYNDHURST

<u>PAYEE</u>	<u>\$ AMOUNT</u>	<u>REFERENCE LETTER</u>	<u>ACCOUNT DESCRIPTION</u>
JERSEY CITY, CITY OF	370,546.00	I	TAX SHARING: NOV 2023
KEARNY, TOWN OF	2,403,089.00	I	TAX SHARING: NOV 2023
NORTH ARLINGTON, BOROUGH OF	415,527.00	I	TAX SHARING: NOV 2023
RIDGEFIELD, BOROUGH OF	306,910.00	I	TAX SHARING: NOV 2023
LYNDHURST TOTAL	<u>3,496,072.00</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	PURCHASE OF 9 POLICE PATROL VEHICLE - 2023 CHEVY TAHOE 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 2023-45

**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. 23-048, Meadowlands Logistics Center, LLC/Paterson Plank Rd. -
New Building (Variance)
BLOCK 227, LOT 9
IN THE TOWN OF SECAUCUS**

WHEREAS, in a decision dated May 21, 2007 (A-4174-03T3; A-3107-04T1), the Appellate Division of the New Jersey Superior Court determined, among other things, that the New Jersey Meadowlands Commission (NJMC) should consider whether new development in the Meadowlands District should be avoided until the Commission implements new rules concerning affordable housing; and

WHEREAS, on July 25, 2007, the Commission adopted Resolution No. 07-68, which approved the "Policy Statement Regarding the NJMC's Expanded Responsibilities to Plan and Zone for Affordable Housing"; and

WHEREAS, on May 6, 2008, COAH adopted new rules, which became effective upon publication in the New Jersey Register on June 2, 2008 and, in addition, adopted new rules on September 22, 2008, which became effective on October 20, 2008; and

WHEREAS, on July 17, 2008, P.L. 2008, Chapter 46 became law, revising various parts of the statutory law concerning affordable housing; and

WHEREAS, on July 23, 2008, the Commission adopted Resolution No. 08-80, which approved the "*Interim Policies Governing Affordable Housing Development in the Meadowlands District*," in order to govern the review of and restraints upon applications for further development in the Meadowlands District in a manner consistent with these regulatory and statutory changes, prior to the implementation of new regulations regarding same; and

WHEREAS, pursuant to Public Law 2015, Chapter 19, the New Jersey Meadowlands Commission (NJMC) has become part of the New Jersey Sports and Exposition Authority (NJSEA), effective February 5, 2015; and

WHEREAS, the *Interim Policies*, last revised by Resolution No. 11-29 on July 27, 2011, govern all zoning certificate applications, petitions to amend the Official Zoning Map, new redevelopment plans, and proposed amendments to a

redevelopment plan pertaining to new proposed uses or changes to existing uses, received on or after July 24, 2008, and remain in effect until the NJSEA promulgates new regulations concerning affordable housing, or the *Interim Policies* are withdrawn or rescinded by Commission action or court order, whichever occurs first; and

WHEREAS, the *Interim Policies* set forth the criteria for a Review Team, comprised of three NJSEA staff members including one New Jersey-licensed professional engineer and one New Jersey-licensed professional planner, and also a professional planner representing the municipality in which the proposed development is located, to review each applicable application to determine the suitability of the subject site for residential use; and

WHEREAS, a zoning certificate application was submitted to the NJSEA on April 4, 2023, by James Rhatican, Esq., of Hartz Mountain, for the premises identified as Paterson Plank Road, Block 227, Lot 9, in the Town of Secaucus, New Jersey, which is located in the District's Regional Commercial zone; and

WHEREAS, the subject application proposes the construction of a 775,000-square-foot warehouse building, and, as such, is not exempt from the *Interim Policies*; and

WHEREAS, the application was forwarded to the Review Team for review of the application in accordance with the *Interim Policies*; and

WHEREAS, the Review Team evaluated the suitability of the subject property taking into consideration the specific application submitted for construction of a 775,000-square-foot warehouse building; and

WHEREAS, a suitability review, dated December 11, 2023, and attached hereto, has been prepared, indicating the recommendation of the Review Team in this matter; and

WHEREAS, the suitability review recommends that the subject property is unsuitable for residential use; and

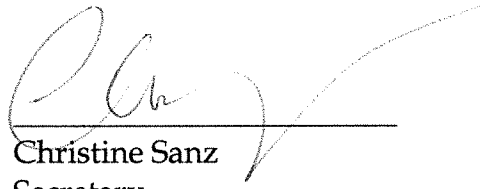
WHEREAS, the Board of Commissioners of the NJSEA has reviewed the suitability review and recommendation prepared by the Review Team, regarding the subject property; and

WHEREAS, the Board of Commissioners of the NJSEA concurs with the recommendation of the Review Team; and

WHEREAS, the Board of Commissioners of the NJSEA hereby determines that the subject property is unsuitable for residential use.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the New Jersey Sports and Exposition Authority that the property located on Paterson Plank Road, Block 227, Lot 9, in the Town of Secaucus, New Jersey, is deemed to be unsuitable for residential use.

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 December 21, 2023.


Christine Sanz
Secretary



MEMORANDUM

To: NJSEA Board Members and Paul Juliano, President/CEO

From: Sara J. Sundell, P.E., P.P. **Date:** December 11, 2023

Subject: Site Suitability Recommendation for Paterson Plank Road, Block 227, Lot 9, in the Town of Secaucus (File No. 23-048)

In a decision dated May 21, 2007 (A-4174-03T3; A-3107-04T1), the Appellate Division of the New Jersey Superior Court determined, among other things, that the New Jersey Meadowlands Commission (NJMC or Commission) should consider whether new development in the Meadowlands District should be avoided until the Commission implements new rules concerning affordable housing. The Commission followed up by adopting Resolution No. 07-68, on July 25, 2007, which approved the "Policy Statement Regarding the NJMC's Expanded Responsibilities to Plan and Zone for Affordable Housing." Thereafter, on July 23, 2008, the Commission adopted Resolution No. 08-80, which approved the "*Interim Policies Governing Affordable Housing Development in the Meadowlands District*," which was last revised by Resolution No. 11-29 on July 27, 2011, in order to govern the review of and restraints upon applications for further development in the Meadowlands District in a manner consistent with regulatory and statutory changes regarding affordable housing, prior to the implementation of new regulations regarding same.

Pursuant to Public Law 2015, Chapter 19, the New Jersey Meadowlands Commission (NJMC) has become part of the New Jersey Sports and Exposition Authority (NJSEA), effective February 5, 2015.

The *Interim Policies* apply to all zoning certificate applications, petitions to amend the Official Zoning Map, new redevelopment plans, and proposed amendments to a redevelopment plan pertaining to new proposed uses or changes to existing uses, received on or after July 24, 2008, and will remain in effect until the NJSEA promulgates new regulations concerning affordable housing, or the *Interim Policies* are withdrawn or rescinded by Authority action or court order, whichever occurs first. The *Interim Policies* set forth the criteria for a Review Team, comprised of three NJSEA staff members, including one New Jersey-licensed professional

engineer and one New Jersey-licensed professional planner, and also a professional planner representing the municipality in which the proposed development is located, to review each applicable application to determine the suitability of the subject site for residential use.

The NJSEA received an application for the construction of a 775,000-square-foot warehouse building on the premises identified as Paterson Plank Road, Block 227, Lot 9, in the Town of Secaucus, New Jersey. The subject property, formerly known as the Mori Tract, is located within the District's Regional Commercial zone and is currently vacant.

The matter was forwarded to the Review Team for review of the proposed site in accordance with the *Interim Policies*. A suitability review, dated December 11, 2023, has been prepared, indicating that the Review Team recommends that the subject property is not suitable for residential use.

At this time, the NJSEA staff is recommending that the members of the NJSEA concur with the site suitability recommendation prepared by the Review Team, which determines that the subject property is not suitable for residential use.

Suitability Review – Summary

File No. 23-048

Meadowlands Logistics Center, LLC/Paterson Plank Rd. - New Building (Variance)

Block 227, Lot 9, in the Town of Secaucus

December 11, 2023

The NJSEA received a zoning certificate application for the proposed construction of a 775,000-square-foot warehouse, proposed to be located on Paterson Plank Road, Block 227, Lot 9, in Secaucus, New Jersey. The subject property, formerly known as the Mori Tract, is located in the Commission's Regional Commercial zone and, as such, is not exempt from the site suitability review process. In keeping with the review process, the site characteristics of the property have been evaluated in accordance with the "Interim Policies Governing Affordable Housing Development in the Meadowlands District," adopted by the NJMC on July 24, 2008, and last revised on July 27, 2011.

In accordance with Section IV(c)1 of the Interim Policies, the criteria to deem a site suitable for housing are as follows:

- i. The site is adjacent to compatible land uses and has access to appropriate streets.**
 - The proposed development site is located adjacent to Harmon Meadow Plaza, which is part of the largest regional commercial area in the Hackensack Meadowlands District and contains large-scale retail and commercial facilities.
 - The adjacent property to the east is the PSE&G right-of-way, which contains high voltage transmission lines and towers. Further to the east along West Side Avenue in North Bergen, is the Intermodal A zone with large-scale industrial and warehouse facilities.
 - The subject property acts as a transition from the Regional Commercial zone to the industrial Intermodal A zone.
 - Access to the property is from Paterson Plank Road, along the southern property line, or Plaza Drive, a major ingress/egress road for Harmon Meadow Plaza located to the east of the subject property. Paterson Plank Road is a heavily-trafficked arterial, connecting Route 1 & 9, West Side Avenue and Route 3, and is utilized by both passenger vehicles and heavy trucks.
 - The nearest residential development is The Harper at Harmon Meadow Apartments in the Carpet Center Residential Redevelopment Area, which is located to the west of the subject property. The Harper is, however, located a considerable distance from the heavily-trafficked

Paterson Plank Road and West Side Avenue.

- The adjacent property to the north includes an industrial and wetlands site located in North Bergen. Between the proposed development site and the adjacent property to the north, there is a significant distance, which includes a large swath of wetlands and undevelopable open space, located in the Environmental Conservation Zone, on the subject property.
 - This criterion is not met by the subject property.
- ii. **The site has access to water and sewer infrastructure with sufficient capacity.**
- This criterion is met by the subject property.
- iii. **The site can be developed consistent with the rules of the NJSEA.**
- This criterion can be met by the subject property. It is noted that the proposed use is the subject of a use variance application and the applicant shall provide an Army Corps of Engineers' jurisdictional determination to verify the location of wetlands on the subject property.
- iv. **Former and existing land uses, either on the site or in the vicinity, may not expose residents to environmental hazard. Alternatively, the site shall be remediated to NJDEP residential standards as a condition of the Board's approval.**
- The subject property is listed on the NJDEP's Known Contaminated Site List for New Jersey.
 - A Remedial Action Work Plan was prepared by Langan Engineering, regarding the illegal fill and historic fill on the subject property in the area of the proposed development. The RAWP is under review by the NJDEP.
 - Due to the extensive quantity of historic fill that has been placed on the property over many decades, the site, particularly the uplands area, could potentially expose residents to environmental hazards. The wetlands area of the site located north of the Cromakill Creek within the Environmental Conservation zone, was also the subject of illegal dumping in the past, which could also potentially impact the uplands area of the property.
 - As such, this criterion is not met by the subject property.

- v. **The size, shape, or layout of any existing structure that shall remain, or other physical limitation(s) not listed previously, do not preclude residential use.**
- The subject property is vacant land without any approved improvements.
 - The portion of the subject property proposed for development incorporates the majority of the uplands located on the 136-acre site.
 - Historic fill on the property could pose a hazard to a residential development.
 - As such, this criterion is not met by the subject property.
- vi. **The site is suitable for residential use pursuant to sound planning principles.**
- The location of the property in question is not conducive to residential uses, as the site is located in a transitional area between a large-scale, dynamic, and heavily-trafficked commercial/retail development to the west and a heavily-trafficked industrial area to the north and east.
 - Many uses in the vicinity of the subject property, including retail and restaurants, are active all day and throughout the evening to the very early morning hours, resulting in traffic noise from patrons and deliveries. There are also restaurants in the Harmon Meadow development that may maintain late hours. Located in an area with both a large retail and commercial development and industrial uses, which are adjacent to both Route 3, the NJ Turnpike, and West Side Avenue, there is significant constant traffic noise that would be detrimental to a residential use located on the subject property.
 - From a planning perspective, the adjacent residential development at The Harper could potentially help to create a cohesive neighborhood; however, the subject property is directly adjacent to Paterson Plank Road, which experiences significant traffic as a connector between Route 1 and 9, West Side Avenue and Route 3. The Harper is set further from the main roads, resulting in a quieter neighborhood.
 - Although the property is adjacent to an active retail and commercial development, the site is also remote from public schools, park and recreational facilities, other public amenities and residential neighborhoods, with the exception of the adjacent Harper residential complex.
 - Pedestrian access to the rest of the community, particularly the Secaucus downtown area, is difficult and requires crossing Route 3 by way of a

highway overpass and traveling along Paterson Plank Road, both with limited sidewalks and pedestrian crosswalks.

- As such, this criterion is not met by the subject property.

In summary, only two (2) of the above criteria, as per Section IV(c)1 of the Interim Policies, apply to the subject property.

Conclusion

The subject property, located along Paterson Plank Road, Block 227, Lot 9, in the Town of Secaucus, is recommended to be deemed unsuitable for housing.

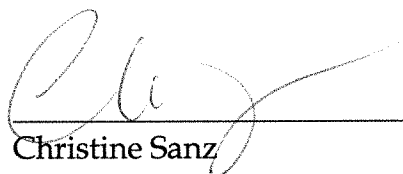
Contingent upon the approval of this recommendation by the NJSEA Board of Commissioners, the review of the submitted zoning certificate application for the proposed construction of a 775,000-square-foot warehouse may proceed for this site, subject to NJSEA procedural requirements. As a condition of zoning certificate approval, the applicant shall be required to satisfy the project's affordable housing requirements as per Section VII(a) of the Interim Policies or as required by law.

RESOLUTION 2023-46

**RESOLUTION ACCEPTING THE
2022 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, 2022, 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 December 21, 2023.


Christine Sanz
Secretary

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

December 31, 2022

DRAFT

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

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INDEPENDENT AUDITORS' REPORT

DRAFT

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 (a component unit of the State of New Jersey) (the "Authority") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above, except for the effects of any potential adjustments pertaining to the matters described in the Basis for Qualified Opinion on Business-type Activities and Sports Complex Enterprise Fund section of our report, present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2022, 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.

Basis for Qualified Opinion on Business-type Activities and Sports Complex Enterprise Fund

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 accounting principles generally accepted in the United States of America, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Certain qualified employees of the Authority are enrolled in various union sponsored pension plans. In accordance with Governmental Accounting Standards Board ("GASB"), 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 Authority's net position.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Emphasis of Matter

As discussed in Note W to the financial statements, in fiscal year 2022 the Authority adopted new accounting guidance GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance - budget versus actual, schedule of the Authority's proportionate share of the net pension liability - public employees retirement system, schedule of contributions - public employees retirement system, and schedule of contributions - other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, 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 GAAS, 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 **DATE**, 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 solely 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 effectiveness of the Authority's 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.

Mercadieu, P.C.

Certified Public Accountants

DATE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DRAFT

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

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 presents an overview of the Authority's financial performance for the year ended December 31, 2022. 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 Statement of Net Position, which provides 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), presents 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 Statement of Net Activities which accounts 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 Statement of Fiduciary Net Position – Fiduciary Funds 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-PERS, and schedule of Authority contributions-OPEB.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

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 an 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 also include maintaining closed landfills, 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

New 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 original grandstand. The original grandstand was fully demolished in 2022 and the area where the original grandstand once stood is now a parking lot.

Meadowlands Arena (the Arena) - is a 20,000-seat indoor arena with 28 private suites, containing approximately 466 seats. From April 2015 the NJSEA closed the Arena for public events. The Arena is currently being used as a location for private rehearsals by acts preparing to go on tour and as a soundstage for television program production.

American Dream Retail and Entertainment Complex - is a multi-use attraction 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 original project, approximately 104 acres at the Meadowlands Sports Complex.

The Authority received pre-payments of ground rent through 2019 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 defease tax-exempt bonds attributable to the Project site. Expenses associated with the project that were previously deferred were expensed in 2005. For generally accepted accounting principles ("GAAP") purposes, revenue related to the upfront payment was recognized over 18 years, starting in 2001 and ending in 2019.

The first stage of the complex's opening occurred October 25, 2019, with the opening of the Nickelodeon Universe Theme Park and The Rink, an NHL regulation size ice rink. The second stage of the opening occurred on December 5, 2019, with the opening of Big Snow, the indoor ski and snowboard resort. The third stage of the opening which included DreamWorks Water Park, Sea Life Aquarium, and Retail Shops were scheduled to open in the spring of 2020, but delayed due to the Covid-19 Pandemic. DreamWorks Water Park and selected retail shops opened on October 1, 2020. Sea Life Aquarium, Legoland and additional retail shops opened in 2021.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

The Authority's Business (Continued)

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

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 OTW 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 is provided to the Authority to operate, maintain and promote the Center.

Solid Waste

The *Solid Waste* division covers several aspects of the NJSEA's statutory mandates, including maintaining several closed landfills, preserving the environment and conducting field studies. The Solid Waste division also leases a trash-transfer station in North Arlington and a vegetative waste disposal site in Kearny.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

The Authority's Business (Continued)

Meadowlands Research and Restoration Institute

The Meadowlands Research and Restoration Institute was created to protect the delicate balance of nature in the Meadowlands by conserving and restoring the Meadowlands' natural resources for current and future generations using innovative approaches and solutions based in science, collaboration and respect for all the communities and interests involved.

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

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 2022. Additionally, an examination of major economic factors and industry trends that have contributed to the Authority's operations is 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 GAAP.

Highlights (2022)

Total business-type operating revenues were \$18.9M in 2022. Solid Waste accounted for \$30K of the operating revenues with Sports & Entertainment Facilities contributing another \$18.9M. Total business-type operating expenses (before depreciation and amortization) were \$21.4M for the year; of which \$17.5M were associated with Sports & Entertainment Facilities, and \$3.9 related to other 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, 2022

Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021*	2022	2021*	2022	2021*
Current and Other Assets	\$ (18,813,155)	\$ (7,140,435)	\$ 84,087,627	\$ 62,611,073	\$ 65,274,472	\$ 55,470,638
Investment in Facilities	23,293,328	23,194,084	251,904,959	257,653,468	275,198,287	280,847,552
Non-Current Assets	8,943,490	9,787,379	220,201,510	222,031,461	229,145,000	231,818,840
	13,423,663	25,841,028	556,194,096	542,296,002	569,617,759	568,137,030
Deferred Outflows of Resources	8,754,497	9,064,009	4,516,520	4,578,582	13,271,017	13,642,591
Current and Other Liabilities	1,229,796	1,074,518	11,422,491	11,477,788	12,652,287	12,552,306
Long-Term Liabilities	33,549,804	34,107,836	94,304,249	123,742,827	127,854,053	157,850,663
Total Liabilities	34,779,600	35,182,354	105,726,740	135,220,615	140,506,340	170,402,969
Deferred Inflows of Resources	25,286,735	28,549,793	288,879,129	294,362,739	314,165,864	322,912,532
Net Position, as restated (see Note W)	\$ (37,888,175)	\$ (28,827,110)	\$ 166,104,747	\$ 117,291,230	\$ 128,216,572	\$ 88,464,120

Condensed Statements of Net Activities

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021 *	2022	2021 *	2022	2021 *
Operating Revenues and Expenses						
Operating Revenues	\$ 1,450,589	\$ 1,592,486	\$ 18,898,331	\$ 22,449,678	\$ 20,348,920	\$ 24,042,164
Operating Expenses Excluding Depreciation	(12,840,407)	(10,996,986)	(21,372,831)	(82,747,512)	(34,213,238)	(93,744,498)
Operating Revenues Net of Depreciation and Amortization	(11,389,818)	(9,404,500)	(2,474,500)	(60,297,834)	(13,864,318)	(69,702,334)
Depreciation and Amortization Expense	(579,691)	(536,188)	(7,909,496)	(7,936,534)	(8,489,187)	(8,472,722)
Operating Gain/(Loss)	(11,969,510)	(9,940,688)	(10,383,996)	(68,234,368)	(22,353,506)	(78,175,056)
Non Operating Income and Expenses:						
Luxury Tax, Marketing Fee and Tourism Tax	-	-	6,349,877	5,840,304	6,349,877	5,840,304
State Subsidy	-	-	32,934,000	32,923,995	32,934,000	32,923,995
Interest and Other Income/(Expenses)	2,908,445	1,283,086	19,913,636	17,748,996	22,822,081	19,032,082
Total Non Operating Income	2,908,445	1,283,086	59,197,513	56,513,295	62,105,958	57,796,381
Changes in Net Position	\$ (9,061,065)	\$ (8,657,602)	\$ 48,813,517	\$ (11,721,073)	\$ 39,752,452	\$ (20,378,675)

* Certain prior year amounts were restated to conform with current year presentation.

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

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

Condensed Statements of Net Activities (Continued)

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

Sports Complex Operations

- 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 have 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 what is now the American Dream Project, approximately 104 acres at the Meadowlands Sports Complex. The Authority received pre-payments of ground rent through 2019 in the amount of \$160,000,000. Revenue was realized by amortizing the upfront payment through 2019.
- 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.
- On November 20, 2018, the State completed a refunding of NJSEA State Contract Bonds in the aggregate principal amount of \$99,415,000. 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 payment of the principal or redemption price of and interest on such bonds. The State Contract Bonds are paid solely by the State.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

Economic Conditions (Continued)

Sports Complex Operations (Continued)

- On June 14, 2019, the Authority finalized the sale of the Kingsland Redevelopment Area to Kingsland Development Urban Renewal, LLC. The developers will convert the former landfill site into a six-building industrial complex for e-commerce. The developers also assumed the role of landlord in the lease with Blackstrap Broadcasting, LLC.
- On October 25, 2019, the initial phase of the American Dream retail/entertainment complex opened. The opening included the Nickelodeon Universe theme park and the NHL-sized skating rink. The next phase of the opening was the Snow America ski slope, which opened on December 5, 2019. Due to the coronavirus pandemic, the opening of DreamWorks Water Park, Sea Life Aquarium, Legoland, and the retail shops, was delayed to the fall of 2020 and spring of 2021.

Solid Waste

Air Pollution Compliance

- On March 22, 2019, NJSEA entered into an Administrative Consent Order ("ACO") with the New Jersey Department of Environmental Protection ("NJDEP") regarding noncompliance with N.J.A.C. 7:27- 7.3 at the Keegan Landfill. The noncompliance was regarding emission of Hydrogen Sulfide (H₂S) in a concentration greater than 30 parts per billion by volume (ppbv) over a 30 minute period. The ACO requires NJSEA to take all actions that may be necessary to maintain compliance with the Air Pollution Control Act. As a result of an ACO between NJSEA and NJDEP, the NJSEA has installed a gas collection and monitoring system to remediate the hydrogen sulfide (H₂S) emissions from the landfill.
- On May 24, 2019, the Hudson County Superior Court issued an injunction closing the Keegan Landfill. An appellate court reversed the injunction on May 31, 2019, allowing the landfill to reopen. On June 12, 2019, the New Jersey Supreme Court reinstated the decision of the Hudson County Superior Court, closing the landfill until a plenary hearing on July 25, 2019.
- On September 30, 2019, The Hudson County Superior Court issued a ruling on the plenary hearing held on July 25, 2019. It was the opinion of the court that the temporary injunction to close the Keegan Landfill be made final and the landfill be closed permanently. On December 10, 2019, the Appellate Division granted a motion for leave to appeal the permanent injunction issued by the Hudson County Superior Court.
- On November 1, 2019, the Authority filed a motion for leave to appeal in the Appellate Division to address the mistaken findings of fact and applications of law made by the Chancery Court in the Keegan Landfill matter regarding the landfill closing. Briefing of the issue before the Appellate Division is still in progress.
- On December 19, 2019, the Board of Commissioners of NJSEA approved resolution 2019-48, authorizing the President and CEO to take the necessary steps to settle the matters regarding the Keegan Landfill and the Town of Kearny. The settlement will be in the form of a Judicial Consent Order and will memorialize, among other terms, the permanent closure of the Keegan Landfill.
- On March 6, 2020, the Judicial Consent Order memorialized the closing of the Keegan Landfill, among other settlement terms.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

Economic Conditions (Continued)

Solid Waste (Continued)

- Pursuant to one of the terms of the Judicial Consent Order, clear cover material was imported into the sight as part of capping and contouring the landfill.

Arena

- In 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 and a filming location. 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	2022	2021	2020
Number of Event Days	183	118	23
Total Attendance	104,098	56,556	17,163
Net Event Income	\$ 600,918	\$ 183,296	\$ 195,827

Capital Assets

At the end of 2022, the Authority had a net investment in capital assets of \$278,583,797 at a total capital cost of \$724,934,103 net of accumulated depreciation of \$446,350,306 as shown below.

	December 31, 2021	Additions	Transfers and Deletions	December 31, 2022
Meadowlands Sports Complex	\$ 530,964,341	\$ 2,335,954	\$ -	\$ 533,300,295
Monmouth Park Racetrack	62,314,429	-	-	62,314,429
Wildwoods Convention Center	59,075,224	333,077	-	59,408,301
Lyndhurst	41,300,340	688,979	(10,045)	41,979,274
Transportation Planning District	7,929,508	-	-	7,929,508
Solid Waste	20,002,296	-	-	20,002,296
Total Investment in Facilities	721,586,138	3,358,010	(10,045)	724,934,103
Less Accumulated Depreciation	(436,824,442)	(9,525,864)	-	(446,350,306)
Investment in Facilities Net of Accumulated Depreciation	\$ 284,761,696	\$ (6,167,854)	\$ (10,045)	\$ 278,583,797

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2022

Capital Assets (Continued)

Additions to capital assets during 2022 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

See Note Y for information on significant events occurring after December 31, 2022, through the report date.

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 have questions about any information in this report, you are requested to contact New Jersey Sports and Exposition Authority, Finance Dept., 1 DeKorte Park Plaza, Lyndhurst, NJ 07071.

BASIC FINANCIAL STATEMENTS

DRAFT

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

STATEMENT OF NET POSITION

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 16,404,553	\$ 17,812,439	\$ 34,216,992
Receivables, net	291,744	7,083,156	7,374,900
Other Assets	-	386,764	386,764
Internal Balances	(42,067,838)	42,067,838	-
Account Receivables - Fiduciary Funds	(19,568)	1,578,997	1,559,429
Leases Receivable - Current	334,729	4,993,821	5,328,550
Capital Assets			
Non Depreciable	20,172,750	117,149,000	137,321,750
Depreciable	3,120,578	134,755,959	137,876,537
Non Current Assets			
Investments	-	3,222,082	3,222,082
Notes Receivable	-	2,372,427	2,372,427
Other Assets	-	533,000	533,000
Leases Receivable - Noncurrent	8,943,490	214,074,001	223,017,491
Restricted Assets			
Cash	-	1,015,433	1,015,433
Investments	6,243,225	9,149,179	15,392,404
TOTAL ASSETS	13,423,663	556,194,096	569,617,759
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	2,071,218	1,332,268	3,403,486
Related to other post-employment benefits	6,683,279	3,184,252	9,867,531
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,754,497	4,516,520	13,271,017
LIABILITIES			
Accounts Payable and Accrued Liabilities	1,211,288	11,241,820	12,453,108
Unearned Revenue	18,508	180,671	199,179
Long-Term Liabilities	33,549,804	94,304,249	127,854,053
TOTAL LIABILITIES	34,779,600	105,726,740	140,506,340
DEFERRED INFLOWS OF RESOURCES			
Related to pension	2,008,028	1,274,084	3,282,112
Related to other post-employment benefits	14,415,933	6,868,481	21,284,414
Related to other activities	-	39,981,231	39,981,231
Related to long-term leases	8,862,774	240,755,333	249,618,107
TOTAL DEFERRED INFLOWS OF RESOURCES	25,286,735	288,879,129	314,165,864
NET POSITION			
Net Investment in Capital Assets	23,293,328	249,696,644	272,989,972
Restricted for Statutory Requirements	6,243,225	10,164,612	16,407,837
Unrestricted (deficit)	(67,424,728)	(93,756,509)	(161,181,237)
TOTAL NET POSITION	\$ (37,888,175)	\$ 166,104,747	\$ 128,216,572

See notes to financial statements.

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

STATEMENT OF NET ACTIVITIES

Year Ended December 31, 2022

		Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental activities:					
Commission operations	\$ (10,779,976)	\$ 1,424,964	\$ (9,355,012)	\$ -	\$ (9,355,012)
Environmental center	(898,772)	-	(898,772)	-	(898,772)
MRRI	(1,741,351)	25,625	(1,715,726)	-	(1,715,726)
Total governmental activities	(13,420,099)	1,450,589	(11,969,510)	-	(11,969,510)
Business-type activities:					
Sports Complex	(25,362,305)	18,867,756	-	(6,494,549)	(6,494,549)
Solid waste	(3,920,022)	30,575	-	(3,889,447)	(3,889,447)
Total business-type activities	(29,282,327)	18,898,331	-	(10,383,996)	(10,383,996)
Total primary government	\$ (42,702,426)	\$ 20,348,920	\$ (11,969,510)	\$ (10,383,996)	\$ (22,353,506)
General and program revenues:					
Investment earnings			\$ 277,709	\$ 362,890	\$ 640,599
Rental revenue			97,959	-	97,959
Lease amortization and interest revenue			983,158	17,880,892	18,864,050
Composting revenues			193,215	-	193,215
Grant revenue			408,992	-	408,992
Other			747,412	1,669,854	2,417,266
State subsidy			200,000	32,934,000	33,134,000
Tourism Tax			-	6,349,877	6,349,877
Total general and program revenues			2,908,445	59,197,513	62,105,958
Changes in Net Position			(9,061,065)	48,813,517	39,752,452
Net Position - beginning of year, as restated (see Note W)			\$ (28,827,110)	\$ 117,291,230	\$ 88,464,120
Net Position - end of year			\$ (37,888,175)	\$ 166,104,747	\$ 128,216,572

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

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2022

	General Fund	Environmental Center Fund	MAGNET Fund	MRRI Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 11,297,315	\$ -	\$ 1,640,665	\$ 150,866	\$ -	\$ 13,088,846
Investments	9,516,265	-	30,990	-	11,677	9,558,932
Accounts receivable, net	78,703	-	-	213,041	-	291,744
Due from other funds	718,749	295,829	562,361	220	12,693	1,589,852
Leases Receivable	9,278,220	-	-	-	-	9,278,220
Total Assets	30,889,252	295,829	2,234,016	364,127	24,370	33,807,594
Liabilities						
Accounts payable	22,822	3,490	-	-	-	26,312
Accrued expenses	1,138,580	11,542	-	34,853	-	1,184,975
Unearned Revenue	18,508	-	-	-	-	18,508
Due to other funds	36,985,922	4,060,103	561,260	2,068,575	1,399	43,677,259
Total Liabilities	38,165,832	4,075,135	561,260	2,103,428	1,399	44,907,054
Deferred Inflows of Resources						
Related to long-term leases	8,862,774	-	-	-	-	8,862,774
	8,862,774	-	-	-	-	8,862,774
Fund Balances						
Restricted for:						
Open Space Acquisition	46,000	-	-	-	-	46,000
Insurance	25,000	-	-	-	-	25,000
Other	55,924	-	-	-	1,000	56,924
Committed to:						
Project Commitments	-	-	2,355	-	-	2,355
Assigned	1,373,000	(3,779,306)	1,670,401	-	21,971	(713,934)
Unassigned	(17,639,278)	-	-	(1,739,301)	-	(19,378,579)
Total Fund Balances	(16,139,354)	(3,779,306)	1,672,756	(1,739,301)	22,971	(19,962,234)
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	\$ 30,889,252	\$ 295,829	\$ 2,234,016	\$ 364,127	\$ 24,370	\$ 33,807,594

Amounts reported for governmental funds in the statement of net assets are different because of:

Total Fund Balance	\$ (19,962,234)
Capital Assets Used in governmental activities are not financials and therefore are not reported in the funds	23,293,327
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(33,549,804)
Deferred outflows and inflows related to pension and other post-employment benefits are not reported in the funds	(7,669,464)
Total Governmental Activities Net Position	\$ (37,888,175)

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, 2022

	General Fund	Environmental Center Fund	MAGNET Fund	MRRI Fund	Governmental Funds	Governmental Funds
Revenues:						
Composting revenues	\$ 193,215	\$ -	\$ -	\$ -	\$ -	\$ 193,215
Grant revenue	-	-	-	408,992	-	408,992
Conference revenue	-	-	-	-	-	-
Rental revenue	97,959	-	-	-	-	97,959
Lease amortization and interest revenue	983,158	-	-	-	-	983,158
MCT reimbursement for services	175,000	-	-	-	-	175,000
Fee income	1,424,964	-	-	-	-	1,424,964
MRRI Revenues	-	-	-	25,625	-	25,625
Other income	434,217	-	-	-	-	434,217
Interest income	267,758	-	9,135	643	173	277,709
FEMA reimbursement	138,195	-	-	-	-	138,195
State Subsidy	-	100,000	-	100,000	-	200,000
Total Revenue	3,714,466	100,000	9,135	535,260	173	4,359,034
Expenditures:						
Current:						
Authority operations	12,924,520	-	-	-	-	12,924,520
Kearny 1-A access agreement	20,000	-	-	-	-	20,000
Environmental Center operations	-	298,772	-	-	-	298,772
Ramapo College Partnership	-	600,000	-	-	-	600,000
MRRI Expenditures	-	-	-	1,497,044	-	1,497,044
Other expenditures	132,348	-	-	244,307	-	376,655
Capital Outlay	678,935	-	-	-	-	678,935
Total Expenditures	13,755,803	898,772	-	1,741,351	-	16,395,926
Changes in Fund Balances	(10,041,337)	(798,772)	9,135	(1,206,091)	173	(12,036,892)
Fund Balance, beginning of year, as restated (see Note W)	(6,098,017)	(2,980,534)	1,663,621	(533,210)	22,798	(7,925,342)
Fund Balance, end of year	\$ (16,139,354)	\$ (3,779,306)	\$ 1,672,756	\$ (1,739,301)	\$ 22,971	\$ (19,962,234)
Net changes to fund balance - total governmental funds						\$ (12,036,892)
Amounts reported for governmental activities in the statement of activities are different because of:						
Capital outlays						678,935
Depreciation expense						(579,691)
Compensated absences						17,094
Pension expense						1,799,317
Post-employment healthcare benefits						1,060,172
Change in net position of governmental activities						\$ (9,061,065)

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

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2022

	Sports Complex Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Investments	\$ 16,981,314	\$ 831,125	\$ 17,812,439
Due from State of New Jersey	379,464	-	379,464
Prepaid Expenses	7,300	-	7,300
Receivables, Net	7,143,152	-	7,143,152
Due from other funds	36,940,371	25,795,630	62,736,001
Leases receivable - Current	4,993,821	-	4,993,821
Total Current Assets	66,445,422	26,626,755	93,072,177
Non Current Assets			
Investments	-	3,222,082	3,222,082
Notes Receivable	2,372,427	-	2,372,427
Other Assets	533,000	-	533,000
Leases Receivable - Noncurrent	214,074,001	-	214,074,001
Restricted Assets			
Cash	-	1,015,433	1,015,433
Investments	-	9,149,179	9,149,179
Capital Assets, net	251,849,383	55,575	251,904,958
Total Non Current Assets	468,828,811	13,442,269	482,271,080
TOTAL ASSETS	535,274,233	40,069,024	575,343,257
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	345,303	986,965	1,332,268
Related to other post-employment benefits	-	3,184,252	3,184,252
TOTAL DEFERRED OUTFLOWS OF RESOURCES	345,303	4,171,217	4,516,520
LIABILITIES			
Current Liabilities			
Accounts Payable	602,947	65,434	668,381
Accrued Liabilities	9,045,262	530,665	9,575,927
Interest payable on bonds and notes	1,057,509	-	1,057,509
Unearned Revenue	73,365	107,305	180,670
Other Long-Term Liabilities - current portion	2,740,506	52,880	2,793,386
Bonds Payable - current portion	15,000	-	15,000
Due to other funds	-	19,089,166	19,089,166
Total Current Liabilities	13,534,589	19,845,450	33,380,039
Long-Term Liabilities			
Other Long-Term Liabilities - noncurrent portion	66,980,693	15,729,171	82,709,864
Net Pension Obligation	1,766,665	4,826,020	6,592,685
Net OPEB Liability	-	-	-
Bonds Payable - noncurrent portion	2,193,314	-	2,193,314
Total Long-Term Liabilities	70,940,672	20,555,191	91,495,863
TOTAL LIABILITIES	84,475,261	40,400,641	124,875,902
DEFERRED INFLOWS OF RESOURCES			
Related to pension	317,230	956,854	1,274,084
Related to other post-employment benefits	-	6,868,480	6,868,480
Related to long-term leases	240,755,333	-	240,755,333
Related to other activities	39,981,231	-	39,981,231
TOTAL DEFERRED INFLOWS OF RESOURCES	281,053,794	7,825,334	288,879,128
NET POSITION			
Net Investment in Capital Assets	249,641,069	55,575	249,696,644
Restricted for Statutory Requirements	-	10,164,612	10,164,612
Unrestricted (deficit)	(79,550,588)	(14,205,921)	(93,756,509)
TOTAL NET POSITION	\$ 170,090,481	\$ (3,985,734)	\$ 166,104,747

See notes to financial statements.

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, 2022

	Sports Complex Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES:			
Sports Complex	\$ 5,809,827	\$ -	\$ 5,809,827
Convention Center	2,473,928	-	2,473,928
Other Operating Revenue	10,584,001	30,575	10,614,576
Lease Amortization and Interest Revenue	17,880,892	-	17,880,892
Total Operating Revenues	36,748,648	30,575	36,779,223
OPERATING EXPENSES:			
Sports Complex	(3,423,784)	-	(3,423,784)
Convention Center	7,506,687	-	7,506,687
Solid Waste Expenses	-	159,613	159,613
Payment in Lieu of Taxes	13,380,604	26,362	13,406,966
Parks and Open Space	-	345,777	345,777
Depreciation and Amortization	7,898,798	10,698	7,909,496
Closure Expenses	-	3,377,572	3,377,572
Total Operating Expenses	25,362,305	3,920,022	29,282,327
OPERATING INCOME (LOSS)	11,386,343	(3,889,447)	7,496,896
NON-OPERATING INCOME AND (EXPENSES):			
State Appropriation	32,934,000	-	32,934,000
Other Income	1,544,854	125,000	1,669,854
Tourism Tax Revenue	6,349,877	-	6,349,877
Interest Income	189,540	173,350	362,890
Total Non-Operating Income	41,018,271	298,350	41,316,621
CHANGES IN NET POSITION	52,404,614	(3,591,097)	48,813,517
NET POSITION - Beginning of Year, as Restated (see Note W)	\$ 117,685,867	\$ (394,637)	\$ 117,291,230
NET POSITION - End of Year	\$ 170,090,481	\$ (3,985,734)	\$ 166,104,747

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, 2022

	Sports Complex Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 23,739,578	\$ (279)	\$ 23,739,299
Payments to employees	(11,748,916)	(678,453)	(12,427,369)
Payments to suppliers	(35,077,542)	(1,609,576)	(36,687,118)
(Payments for)/receipts from quasi-external operating transactions	(19,966,514)	1,721,454	(18,245,060)
Beneficial reuse materials	-	30,575	30,575
Net cash from operating activities	(43,053,394)	(536,279)	(43,589,673)
Cash Flows from Noncapital Financing Activities			
Tourism tax revenues	6,349,877	-	6,349,877
Landfill remediation and post-closure	-	(3,377,572)	(3,377,572)
Net cash from noncapital financing activities	6,349,877	(3,377,572)	2,972,305
Cash Flows from Capital and Related Financing Activities			
State appropriations	32,934,000	-	32,934,000
Other sources of income	1,544,283	-	1,544,283
Purchase of capital assets	(2,669,031)	-	(2,669,031)
Repayment of racetrack loans	1,747,096	-	1,747,096
Net cash from capital financing activities	33,556,348	-	33,556,348
Cash Flows from Investing Activities			
Interest	189,540	162,019	351,559
Sales of investments	-	3,144,310	3,144,310
Net cash from investing activities	189,540	3,306,329	3,495,869
Net change in cash and cash equivalents	(2,957,629)	(607,522)	(3,565,151)
Cash and equivalents, beginning of year	19,938,943	1,438,647	21,377,590
Cash and equivalents, end of year	16,981,314	831,125	17,812,439
Reconciliation of operating loss to net cash from operating activities:			
Operating income (loss)	11,386,343	(3,889,447)	7,496,896
Depreciation expense	8,406,841	10,698	8,417,539
Landfill remediation and post-closure	-	3,377,572	3,377,572
Change in assets and liabilities:			
(Increase)/Decrease in Receivables, net	(2,085,141)	96,107	(1,989,034)
(Increase)/Decrease in Other Assets	(69,853)	-	(69,853)
(Increase)/Decrease in Deferred Outflows	(85,416)	147,478	62,062
(Decrease)/Increase in Deferred Inflows	(1,105,437)	(1,252,389)	(2,357,826)
(Decrease)/Increase in Accounts Payable & Accrued Liabilities	1,267,528	(458,061)	809,467
(Decrease)/Increase in Other Liabilities	(29,121,527)	(287,043)	(29,408,570)
(Decrease)/Increase in Deferred Revenue	(944,174)	(2,648)	(946,822)
Due to/(from) other funds	(19,966,514)	1,721,454	(18,245,060)
(Decrease)/Increase in Lease Deferrals	(10,761,064)	-	(10,761,064)
Other	25,020	-	25,020
Net cash from operating activities	\$ (43,053,394)	\$ (536,279)	\$ (43,589,673)

See notes to financial statements.

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

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2022

	Special Escrow	Transportation Planning	Grandstand	International Events	Total
ASSETS					
Cash and Investments	\$ 8,340,904	\$ 4,118,210	\$ 18,041,067	\$ -	\$ 30,500,181
Receivables, Net	39,661	-	-	-	39,661
Interfund Receivable	26,735	422,557	31,221	-	480,513
Leases Receivable	3,341,668	-	-	-	3,341,668
Capital Assets - Depreciable, Net	-	3,385,510	-	-	3,385,510
TOTAL ASSETS	11,748,968	7,926,277	18,072,288	-	37,747,533
LIABILITIES					
Accounts Payable & Accrued Liabilities	2,939	305,497	1,546,257	-	1,854,693
Construction Deposits	272,503	-	-	-	272,503
Rutherford Post Closure Security	161,207	-	-	-	161,207
Interfund Payable	1,602,703	385,035	7,243	44,960	2,039,941
Security Deposits	141,922	-	-	-	141,922
Contract Retainage Payable	576,495	-	-	-	576,495
TOTAL LIABILITIES	2,757,769	690,532	1,553,500	44,960	5,046,761
DEFERRED INFLOWS OF RESOURCES					
Related to Long-Term Leases	2,294,738	-	-	-	2,294,738
TOTAL DEFERRED INFLOWS OF RESOURCES	2,294,738	-	-	-	2,294,738
NET POSITION					
Invested in Capital Assets, net	-	3,385,510	-	-	3,385,510
Restricted for Grandstand Demolition	-	-	16,518,788	-	16,518,788
Blackstrap Broadcasting Escrow	2,269,998	-	-	-	2,269,998
Bloomberg Escrow	2,327,664	-	-	-	2,327,664
Reserve For Mitigation	264,138	-	-	-	264,138
Main Street Program	154,256	-	-	-	154,256
Renewable Energy Reserve	2,006,249	-	-	-	2,006,249
Other	(325,844)	3,850,235	-	(44,960)	3,479,431
TOTAL NET POSITION	\$ 6,696,461	\$ 7,235,745	\$ 16,518,788	\$ (44,960)	\$ 30,406,034

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, 2022

	Special Escrow	Transportation Planning	Grandstand	International Events	Total
Additions					
Transportation Planning District Fees	\$ -	\$ 927,361	\$ -	\$ -	\$ 927,361
Grandstand Appropriation	-	-	19,085,019	-	19,085,019
Lease Amortization and Interest Revenue	332,191	-	-	-	332,191
Lease Revenue - Additional due to CPI Increase	24,445	-	-	-	24,445
Interest/Other	24,133	21,959	-	-	46,092
Blackstrap Escrow	9,697	-	-	-	9,697
Total Additions	390,466	949,320	19,085,019	-	20,424,805
Deductions					
Mitigation Expenses	6,294	-	-	-	6,294
Grandstand Expenses	-	-	18,599,367	-	18,599,367
International Event Expenses	-	-	-	44,960	44,960
MASSTR Grant Expenditures	-	1,168,873	-	-	1,168,873
Total Deductions	6,294	1,168,873	18,599,367	44,960	19,819,494
Changes in Net Position	384,172	(219,553)	485,652	(44,960)	605,311
Net Position, Beginning of Year, as Restated (see Note W)	6,312,289	7,983,932	16,033,136	-	30,329,357
Adjustments to Net Position					
Depreciation Expense	-	(528,634)	-	-	(528,634)
Total Adjustments to Net Position	-	(528,634)	-	-	(528,634)
Net Position, End of Year	\$ 6,696,461	\$ 7,235,745	\$ 16,518,788	\$ (44,960)	\$ 30,406,034

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 of New Jersey ("State"), exercising public and essential governmental functions. The Act empowers the Authority to own and operate various projects, located in the State, 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 as needed. The Authority's Board consists of the President of the Authority, the State Treasurer, and a member of the Hackensack Meadowlands Municipal Committee ("HMMC") established by the "Hackensack Meadowlands Redevelopment Act", P.L. 1968, c.404 (C.13:17-1 et seq.), appointed by the Governor, who are members ex officio, eleven members appointed by the Governor with the advice and consent of the State Senate, one member appointed by the President of the Senate, and one member appointed by the Speaker of the General Assembly.

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.

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's Annual Comprehensive Financial Report ("ACFR"). The NJSEA requires significant subsidies from and has material transactions with the State 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 accounting principles generally accepted in the United States of America ("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 net 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's governmental and proprietary funds 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 purpose of the Environmental Center Fund is to account for all financial resources required to operate the Meadowlands Environmental Center and Science Center.
- **MAGNET Fund.** The purpose of the MAGNET Fund is to foster continued revitalization in the Meadowlands and ensure continued growth and improvement in the region both environmentally and economically.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Presentation (Continued)

Fund Financial Statements (Continued)

- **Meadowlands Research and Restoration Institute ("MRRI") Fund.** The purpose of the Meadowlands Research and Restoration Institute Fund is to account for all financial resources required to operate the scientific arm of the NJSEA and preservation of the surrounding environment.

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.
- **Sports Complex 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 reported in this fund.

Fiduciary Funds account for the proceeds of deposits held in trust for others. The Authority reports the following Fiduciary Funds:

- **Special Escrows.** This includes funds escrowed for Mitigation, Wetlands and disbursement of the Meadowlands Adjustment Payments.
- **Transportation Planning District.** This fund is responsible for the continuing operation and maintenance of the Meadowlands Adaptive Signal System for Traffic Reduction ("MASSTR").
- **Grandstand.** This fund is responsible for the demolition of the old Grandstand, cleanup and roadway improvements at the Sports Complex.
- **International Events.** This fund is responsible for improvements and attractions relating to World Cup.

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.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 met.

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 governmental funds. Proceeds of long-term debt are reported as other financing sources.

(d) Net Position

The Authority has adopted the provisions of GASB 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 is 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".

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fund Balance Classifications

The Authority has established a policy of classifying fund balances in accordance with GASB 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.
- **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 yearly vacation allowance. 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 lump sum payment of their accumulated earned but unused vacation allowance.

(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.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Non-Operating Revenues and Expenses

Non-operating revenues: State payments received related to State Appropriations and Tourism taxes collected; sales of property; 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 represent revenues collected but not earned as of December 31, 2022.

(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) 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.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Cash and Investments

Cash and investments include short-term investments that are carried at cost, which approximates market. The Authority considers all highly liquid investments 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.

(o) 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.

(p) Other Assets

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

(q) 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 and other post-employment benefits. Deferred inflows are related to pension, other post-employment benefits, and other financing activity.

(r) 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.

(s) Recent Accounting Standards

The Authority has evaluated the following pronouncements and their impact on the financial statements. Except for GASB Statement No. 87, the adoption of these statements had no effect on previously reported amounts.

- GASB Statement No. 87 – *Leases*, effective for periods beginning after June 15, 2021. See Notes J and W for information on the implementation of this standard.
- GASB Statement No. 92 – *Omnibus 2020*. This statement clarifies the effective date of GASB Statement No. 87 and addresses other topics that are required to be adopted by the Authority for the year ended December 31, 2022. The adoption of this Statement had no effect on previously reported amounts.

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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Recent Accounting Standards (Continued)

- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, effective for periods beginning after June 15, 2021. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB No. 32*, effective for periods beginning after June 15, 2021. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the effective dates of applicable pending Statements described above. The effective dates mentioned above are the applicable postponed dates as prescribed by GASB Statement No. 95. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, effective for periods beginning after December 15, 2021. The adoption of this Statement had no effect on previously reported amounts.

(t) Pending Accounting Standards

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

- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 99, *Omnibus 2022*, effective for periods beginning after June 15, 2022, or June 15, 2023, depending on the requirement.
- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for periods beginning after June 15, 2023.
- GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023.

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NOTES TO FINANCIAL STATEMENTS

C. CASH AND INVESTMENTS

The components of cash and investments are as follows:

	Government-Wide Balance Dec 31, 2022	Fiduciary Fund Balance Dec 31, 2022
Cash and Investments:		
Unrestricted:		
Cash on Hand	\$ 17,924,529	\$ 30,500,181
Investments	6,495,122	-
NJ Cash Management Fund	13,019,424	-
Unrestricted Cash & Investments	37,439,074	30,500,181
Restricted:		
Cash on Hand	1,015,433	-
Investments	15,392,404	-
Restricted Cash & Investments	16,407,837	-
Total Cash and Investments	\$ 53,846,911	\$ 30,500,181

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, 2022, 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 NJ Cash Management Fund is a money market fund managed by the State's Division of Investments. P.L. 1950, c. 270 and subsequent legislation permits the Division of Investments 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 NJ Cash Management Fund are insured or registered, or securities held by the Division of Investments or its agent in the NJ 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.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

D. INVESTMENT IN FACILITIES (CONTINUED)

	December 31, 2021	Additions	Deletions	December 31, 2022
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 20,154,401	\$ -	\$ (10,045)	\$ 20,144,356
Construction in progress	-	78,224	-	78,224
Total capital assets not being depreciated	20,154,401	78,224	(10,045)	20,222,580
Capital assets that are being depreciated:				
Building and building improvements	17,020,224	409,265	-	17,429,489
Infrastructure	-	28,394	-	28,394
Machinery and equipment	4,125,715	173,097	-	4,298,812
Total at historical costs	21,145,939	610,756	-	21,756,695
Less accumulated depreciation for:				
Building and building improvements	(12,935,079)	(484,802)	-	(13,419,881)
Infrastructure	-	(947)	-	(947)
Machinery and equipment	(5,171,177)	(93,942)	-	(5,265,119)
Total accumulated depreciation	(18,106,256)	(579,691)	-	(18,685,947)
Total capital assets being depreciated net of accumulated depreciation	3,039,683	31,065	-	3,070,748
Governmental activities capital assets, net	\$ 23,194,084	\$ 109,289	\$ (10,045)	\$ 23,293,328
Business-Type Activities:				
Capital assets that are not being depreciated:				
Land	\$ 117,149,000	\$ -	\$ -	\$ 117,149,000
Building and building improvements (1)	39,868,193	-	-	39,868,193
Construction in progress	-	178,573	-	178,573
Total capital assets not being depreciated	157,017,193	178,573	-	157,195,766
Capital assets that are being depreciated:				
Building and building improvements	348,461,094	1,735,681	-	350,196,775
Machinery and equipment	87,728,410	754,777	-	88,483,187
Total at historical costs	436,189,504	2,490,458	-	438,679,962
Less accumulated depreciation for:				
Building and building improvements	(253,484,024)	(7,432,025)	-	(260,916,049)
Machinery and equipment	(82,069,205)	(985,515)	-	(83,054,720)
Total accumulated depreciation	(335,553,229)	(8,417,540)	-	(343,970,769)
Total capital assets being depreciated net of accumulated depreciation	\$ 100,636,275	\$ (5,927,082)	\$ -	\$ 94,709,193
Capital assets that are being amortized:				
Landfills	5,902,136	-	-	5,902,136
Total at historical costs	5,902,136	-	-	5,902,136
Less accumulated amortization for:				
Landfills	(5,902,136)	-	-	(5,902,136)
Total accumulated amortization	(5,902,136)	-	-	(5,902,136)
Total landfill life being amortized net of accumulated amortization	-	-	-	-
Business-Type activities capital assets, net	\$ 257,653,468	\$ (5,748,509)	\$ -	\$ 251,904,959
Fiduciary Activities:				
Capital assets that are being depreciated:				
Infrastructure	\$ 7,929,508	\$ -	\$ -	\$ 7,929,508
Total at historical costs	7,929,508	-	-	7,929,508
Less accumulated depreciation for:				
Infrastructure	(4,015,364)	(528,634)	-	(4,543,998)
Total accumulated depreciation	(4,015,364)	(528,634)	-	(4,543,998)
Total fiduciary assets being depreciated net of accumulated depreciation	\$ 3,914,144	\$ (528,634)	\$ -	\$ 3,385,510

(1) Building and Building Improvements not being depreciated represent the net book value of the Arena, a non performing asset, as of December 31, 2022

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

E. NOTES RECEIVABLE

The Authority, pursuant to its Racetrack Ground Lease Agreement with the New Jersey Thoroughbred Horsemen's Association Inc. ("NJTHA"), is owed Minimum Lease Payments under the Agreement. The balance due at December 31, 2022, of \$2,372,427 is comprised of the NJTHA's balance. The notes carry an annual interest rate of 3%.

The future minimum lease payments receivable are as follows:

Year	New Jersey Thoroughbred Horsemen's Association
2023	\$ 1,727,215
2024	645,212
	<u>\$ 2,372,427</u>

F. LONG-TERM LIABILITIES

During 2022, changes in long-term liabilities were as follows:

	Balance December 31, 2021	Prior Period Adjustment	Issued	Retired	Balance December 31, 2022	Due Within One Year
Governmental Activities:						
PERS Pension Liability	\$ 8,196,973	\$ -	\$ 1,930,783	\$ -	\$ 10,127,756	\$ -
Chapter 19, P.L. 2009 Liability	268,578	-	-	(32,661)	235,917	-
Compensated Absences	1,155,546	-	-	(1,119)	1,154,427	430,543
Other Post Employment Benefits	24,486,739	-	-	(2,457,035)	22,029,704	-
Other Liabilities	-	-	2,000	-	2,000	-
	<u>\$ 34,107,836</u>	<u>\$ -</u>	<u>\$ 1,932,783</u>	<u>\$ (2,490,815)</u>	<u>\$ 33,549,804</u>	<u>\$ 430,543</u>
Business-Type Activities:						
Sports Complex Enterprise						
Bonds and Notes Payable	\$ 2,223,314	\$ -	\$ -	\$ (15,000)	\$ 2,208,314	\$ 15,000
PERS Pension Liability	1,339,685	-	426,980	-	1,766,665	-
Workman's Comp Claims	6,502,963	-	705,320	(1,003,957)	6,204,326	1,003,957
Compensated Absences	101,374	-	1,180,617	(1,189,766)	92,225	92,225
Union Pension Liabilities	89,728,594	-	-	(29,258,893)	60,469,701	1,609,979
Environmental Remediation	2,450,000	-	-	(390,000)	2,060,000	-
Other Liabilities	501,783	-	922,839	(529,675)	894,947	34,345
Solid Waste Enterprise						
Closure Liabilities	5,001,252	-	-	-	5,001,252	-
PERS Pension Liability	3,905,974	-	920,046	-	4,826,020	-
Chapter 19, P.L. 2009 Liability	211,025	-	-	(25,662)	185,363	-
Other Post Employment Benefits	11,666,722	-	-	(1,170,656)	10,496,066	-
Compensated Absences	110,141	-	-	(10,771)	99,370	52,880
	<u>\$ 123,742,827</u>	<u>\$ -</u>	<u>\$ 4,155,802</u>	<u>\$ (33,594,380)</u>	<u>\$ 94,304,249</u>	<u>\$ 2,808,386</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

G. BONDS AND NOTES PAYABLE

Bonds and notes payable held in the Sports Complex Enterprise Fund consist of the following:

	NJDEP	Wildwood		
	Trust Loan	Bonds Payable	Interest	Total
2023	\$ 15,000	\$ 1,960,747	\$ 54,457	\$ 2,030,204
2024	15,000	217,567	5,438	238,005
	<u>\$ 30,000</u>	<u>\$ 2,178,314</u>	<u>\$ 59,895</u>	<u>\$ 2,268,209</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 ("GWTIDA") 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 GWTIDA, and the Treasurer of the State. 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 2020, there was not enough available revenue after the above-mentioned expenses to make any payment on debt service for these Revenue Bonds.

Interest Costs

In 2022, interest costs for the Revenue Bonds were \$54,457.

Note Payables

Notes payable consist of the following:

	<u>Date Issued</u>	<u>Original Amount</u>	<u>December 31, 2022</u>
Loan from the NJDEP Infrastructure Trust Loan through August 1, 2024, at various rates between 3% and 5%	3/1/2010	\$180,000	<u>\$30,000</u>

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NOTES TO FINANCIAL STATEMENTS

G. BONDS AND NOTES PAYABLE (CONTINUED)

Note Payables (Continued)

On March 1, 2012, the Authority entered into an agreement with the State 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 NJDEP Infrastructure Fund Loan was paid off in 2019. The interest on the NJDEP Infrastructure Trust Loan was calculated between 3.00% and 5.00% and is for a term of 24 years. Interest cost for 2022 on the NJDEP Infrastructure Trust Loan was \$2,260.

H. CONDUIT DEBT

State Contract Bonds

The Authority issued State Contract Bonds to fund various capital improvements of the Authority on behalf of the State. These bonds are considered conduit debt as permitted under GASB Statement No. 91, *Conduit Debt Obligations*.

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 payment of the principal or redemption price of and interest on such bonds. The State Contract Bonds are paid solely by the State. The principal amount outstanding on the State Contract Bonds at December 31, 2022, was \$83,245,000. 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. The principal amount outstanding on the ERGG Bonds at December 31, 2022, was \$287,000,000. 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

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

H. CONDUIT DEBT (CONTINUED)

Limited Obligation PILOT Revenue Bonds (Continued)

of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin. The principal amount outstanding on the PILOT Bonds at December 31, 2022, was \$800,000,000. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

I. TOURISM TAX

Upon transfer of the Wildwoods Convention Center from the GWTIDA on February 23, 1998, 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).

J. LESSOR LEASES

The Authority leases various real estate and radio/cell towers to tenants over multi-year contracts including extension options that the Authority is reasonably certain will be exercised. The interest rates on the leases are fixed based on the U.S. prime interest rate of lease commencement, or at the interest rate explicitly prescribed in the lease agreement. As of December 31, 2022, leases receivable were \$231,687,710, and lease amortization and interest revenues earned during the year were \$4,388,375 and \$14,807,866, respectively, and summarized as follows:

Fund / Lease Description	Lease Term	Lease Receivable, December 31, 2022	2022 Lease Amortization Revenue	2022 Interest Revenue
General Fund - North Bergen Radio Tower	9/7/2006 - 9/31/2031	\$ 264,281	\$ 18,028	\$ 22,419
General Fund - PSE&G Hawk Realty Property	6/11/2013 - 1/1/2039	97,156	5,332	3,103
General Fund - Jersey Mulch & Nature's Choice	9/1/2012 - 12/31/2022	-	168,023	2,845
General Fund - Gas Flare No. Arlington	6/14/2019 - 6/13/2049	1,181,312	38,970	64,668
General Fund - IWS Transfer Station	9/8/2021 - 9/8/2041	7,735,471	404,640	255,130
Sports Complex Fund - American Dream Ground Lease	6/30/2005 - 6/9/2092	122,883,192	2,308,867	7,426,391
Sports Complex Fund - NMSCO Ground Lease & PILOT Reimbursements	5/7/2010 - 11/6/2107	76,815,037	793,071	6,294,286
Sports Complex Fund - New Meadowlands Racetrack Ground Lease	12/19/2011 - 12/31/2062	11,382,313	201,484	363,494
Sports Complex Fund - Monmouth Park Racetrack Ground Lease	2/29/2012 - 12/31/2046	7,518,944	184,915	240,118
Sports Complex Fund - T-Mobile	2/6/2014 - 2/28/2024	59,573	38,898	2,648
Sports Complex Fund - K2 Towers	5/23/2011 - 9/13/2033	408,764	17,304	9,416
Special Escrow Fund - Bloomberg	11/25/2003 - 11/25/2038	1,465,871	60,022	59,647
Special Escrow Fund - PSE&G 1A Landfill, Kearny, NJ	1/28/2012 - 9/1/2031	1,875,796	148,821	63,701
		<u>\$ 231,687,710</u>	<u>\$ 4,388,375</u>	<u>\$ 14,807,866</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

J. LESSOR LEASES (CONTINUED)

Future payments due to the Authority under non-cancelable agreements are as follows:

Years Ending December 31,	Principal (Undiscounted)	Interest	Total
2023	\$ 5,638,629	\$ 2,524,400	\$ 8,163,029
2024	7,639,093	5,233,361	12,872,454
2025	13,498,471	5,212,493	18,710,964
2026	14,026,381	5,137,262	19,163,643
2027	14,527,854	5,051,004	19,578,858
2028-2032	75,967,236	23,647,636	99,614,872
2033-2037	60,241,083	20,980,917	81,222,000
Thereafter	582,014,953	195,986,983	778,001,936
	<u>\$ 773,553,700</u>	<u>\$ 263,774,056</u>	<u>\$ 1,037,327,756</u>
	Less: Present Value Discount		(805,640,046)
	Lease Receivable, December 31, 2022		<u>\$ 231,687,710</u>

The Authority's lease agreements are described in greater detail as follows:

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.

The initial term of the Agreement ran through December 31, 2016, with three 10-year renewal terms. NJTHA is currently in the first of three 10-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 two 10-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 (May 7, 2010) with four renewal options of 174 months each.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

J. LESSOR LEASES (CONTINUED)

American Dream 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"). The first stage of the complex's opening occurred October 25, 2019, with the opening of the Nickelodeon Universe Theme Park and The Rink, an NHL regulation size ice rink. The second stage of the opening occurred on December 5, 2019, with the opening of Big Snow, the indoor ski and snowboard resort. Future stages will include the DreamWorks Water Park, Sea Life Aquarium attraction, as well as the retail segments within the complex. Ameream LLC 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.

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NOTES TO FINANCIAL STATEMENTS

J. LESSOR LEASES (CONTINUED)

American Dream Project (Continued)

Office C-D Component (Continued)

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

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 K2 Towers, LLC 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. K2 Towers, LLC 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 renewal terms of 10 years each. K2 Towers LLC exercised the first renewal option, extending the term of the lease through September 13, 2033.

South Site

On May 23, 2011, the Authority entered into a Wireless Telecommunications Facility Lease Agreement ("South Cell Tower Lease") with K2 Towers, LLC 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. K2 Towers, LLC 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 renewal options of 10 years each. K2 Towers, LLC exercised the first renewal option, extending the term of the lease through August 18, 2032.

AT&T Wireless Lease

On January 10, 2001, the Authority entered into a Lease Agreement with AT&T Wireless Services to lease certain space for the purpose of installing wireless communication equipment on the Meadowlands Arena. The lease was amended two times, most recently on October 26, 2015; each time being to modify the number and location of the equipment. Per the terms of the agreement, the lease is split between the Authority and Monmouth Park Racetrack.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

J. LESSOR LEASES (CONTINUED)

Sports Complex Cell Tower Leases (Continued)

AT&T Wireless Lease (Continued)

Upon expiration on October 26, 2020, the lease transitioned to a month-to-month lease, which continues to be renewed by the Authority.

T-Mobile Northeast Lease

On February 6, 2014, the Authority entered into a Lease Agreement for the placement of wireless communication equipment on the Meadowlands Arena.

The initial term of the lease was through February 6, 2019, with two 5-year extensions. T-Mobile exercised the first of two 5-year extensions in 2019.

Transfer/Materials Recovery Facility

Effective September 8, 2021, the Authority entered into a lease agreement with I.W.S. Transfer Systems of NJ for the operation of the Transfer Station/Materials Recovery Facility and three non-contiguous additional parcels at 100 Baler Blvd, North Arlington, NJ.

The initial term of this lease runs through September 8, 2031, with two five-year extensions.

PSE&G Leases

1A Landfill, Kearny, NJ

On January 28, 2012, the Authority entered into a Lease Agreement with PSE&G to lease a portion of the 1A Landfill ("1A") in Kearny, NJ for the development, construction and operation of a solar-powered electrical generating facility ("Solar Facility"). This includes all Solar Facility Equipment for the conversion of solar energy into electrical energy for interconnection of the local electric grid.

The term of the lease is for 19 years through September 1, 2031.

Hawk Realty Property

On June 11, 2013, the Authority entered into a Lease Agreement with PSE&G to lease a portion of lots in Secaucus, NJ for the development, construction and operation of a transmission tower on the property.

The term of the lease is for 25 years through January 1, 2039.

Radio Tower Lease

On September 7, 2006, the Authority entered into a Lease Agreement with New York AM Radio/Disney to lease a portion of land in North Bergen, NJ for the development, construction and operation of a radio tower on the property. Per the terms of the agreement, North Bergen is entitled to receive 80% of the lease payments, with the remaining 20% held by the Authority.

The term of the lease is for 25 years through August 31, 2031.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

J. LESSOR LEASES (CONTINUED)

NJ Transit

On August 1, 2016, the Authority entered into a Lease Agreement with NJ Transit to lease a portion of property in Kearny, NJ as a temporary easement to construct a finger pier in connection with the Portal Bridge Capacity Enhancement Early Action Project.

The term of the lease was for five years through August 1, 2021. Upon expiration, the lease transitioned to a month-to-month lease, which continues to be renewed by the Authority.

Jersey Mulch/Nature's Choice

On September 1, 2012, the Authority entered into a Lease Agreement with Jersey Mulch & Nature's Choice to lease a portion of the 1E Landfill in North Arlington, NJ as a vegetative waste transfer facility.

The initial term of the lease was for 54 months through December 31, 2019. An addendum to the lease extended the term of the lease through 2021 with a 1-year option to extend through 2022, which was exercised. The lease has since been transitioned to a month-to-month lease, which the Authority continues to renew.

Kingsland Development Urban Renewal, LLC

On June 14, 2019, the Authority entered into a Lease Agreement with Kingsland Development Urban Renewal, LLC to lease the land adjacent to the Kingsland Redevelopment Area in North Arlington, NJ for the purpose of maintaining the gas flare that is serving the property.

The term of the lease is for 15 years through June 13, 2034, with three five-year extensions.

Bloomberg Communications, Inc.

On November 25, 2003, the Authority entered into a Lease Agreement with Bloomberg Communications, Inc. to lease a portion of property in the Borough of Carlstadt, NJ for the purpose of operating an AM radio tower on the property.

The initial term of the lease is for 5 years through November 25, 2008, with seven 5-year extensions. Bloomberg Communications, Inc. exercised the second of seven extensions, extending the term of the lease through November 25, 2023.

K. LICENSE AND OTHER AGREEMENTS

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 ("Training Facility") 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 Training Facility. GTF has completed the construction of the Training Facility and has full operational control of it.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

K. LICENSE AND OTHER AGREEMENTS

Giants Training Facility (Continued)

The initial term of the Training Facility Lease is for 39 years with four 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 additional renewal terms of 5 years each and a final renewal term of two years.

AMC Stalwart

On April 1, 2022, the Authority entered into a licensing agreement with Stalwart Productions, LLC. for the use of the Meadowlands Arena Floor for TV Production and Related Uses.

The initial term of the license runs through March 31, 2023, with two renewal terms of six months each.

JP Plumbing & Heating

On April 1, 2022, the Authority entered into a License Agreement with JP Plumbing & Heating, LLC to lease certain property located at the base of the 1-E Landfill as a staging area for construction equipment, supplies, personnel and parking of associated vehicles.

The initial term of the license agreement is for 2 years through March 31, 2024, with an option to extend the term of the lease for one year.

Disposal Road Adjacent to Kingsland Substation

On July 1, 2014, the Authority entered into a License Agreement with PSE&G to lease a portion of land on Disposal Road in North Arlington, NJ for use as a staging area for construction trailers, vehicles and the storage of oil filled electrical equipment on the property.

The license agreement expires in May 2024.

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

NOTES TO FINANCIAL STATEMENTS

L. DEFERRED COMPENSATION PLANS

Salaried employees of the Authority are eligible for participation in an Internal Revenue Code ("IRC") 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 employees' salary up to the Internal Revenue Service 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 2022 were \$169,344. The Authority also participates in two IRC Section 457 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 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 of 100% of their salary (minus tax-sheltered pension or other voluntary tax-sheltered contributions) or \$19,000 (\$25,000 for individuals aged 50 and older), whichever is less. Investments are on an individual participant basis and the total investment for all the Authority employees is unknown. Employee contributions for 2022 were \$76,957.

(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 2022 were \$40,300.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System ("PERS") 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 (the "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 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 July 1, 2021:

Inactive plan members or beneficiaries currently receiving benefits	187,372
Inactive plan members entitled to but not yet receiving benefits	723
Deferred Beneficiaries	1,059
Active plan members	<u>239,902</u>
Total	<u>429,056</u>

Significant Legislation

For State 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 1/7th until payment of the full contribution is made in the seventh fiscal year and thereafter.

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 during 2022 was \$8,262,310. 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.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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 7.34% in State fiscal year 2018 and increased to 7.5% for State fiscal year 2019, commencing July 1, 2018. The July 2018 increase marks the last rate increase under the provisions of Chapter 78, P.L. 2011. The local employers' contribution amounts are based on an actuarially determined rate, which include 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 year ended December 31, 2022, were \$1,503,927. Authority contributions are due and payable on April 1 in the second fiscal period subsequent to the plan year for which the contributions requirements were calculated. Authority payments to PERS for the year ended December 31, 2022, consisted of the following:

	2022
Normal Cost	\$ 212,805
Amortization of Accrued Liability	1,123,871
Total Pension	1,336,676
NCGI Premiums	60,498
Total Regular Billing	1,397,174
Additional Billings and Adjustments:	
ERI 2	1,695
Ch. 19, P.L. 2009	105,058
Total PERS Payment	<u>\$ 1,503,927</u>

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:

<u>Tier</u>	<u>Definition</u>
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.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Specific Contribution Requirements and Benefit Provisions (Continued)

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 Tier 3 and 4 members with 25 years or more of service credit 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 their respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$16,720,411 or 0.1107946705%.

For the year ended December 31, 2022, the Authority recognized PERS expense of \$(1,459,556). At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 120,680	\$ 106,423
Changes in assumptions	51,806	2,503,712
Net difference between projected and actual investment earnings on pension plan investments	692,044	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,840,370	671,977
Agency contributions subsequent to the measurement date	698,587	-
	<u>\$ 3,403,487</u>	<u>\$ 3,282,112</u>

The \$698,587 shown as deferred outflows of resources relates to the PERS contributions made by the Authority subsequent to the measurement date of June 30, 2022, and will be recognized as a reduction of net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PERS will be recognized in pension expense as follows:

Year Ending December 31,	PERS
2023	\$ (7,012,553)
2024	2,672,532
2025	1,970,660
2026	1,760,786
2027	31,362
	<u>\$ (577,212)</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2022, measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

2022	
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases (based on years of service)	2.75 - 6.55%
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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 Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree Mortality Table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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, 2022), is determined by the State Treasurer, after consultation with the directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022, are summarized in the following tables:

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Long-term Rate of Return (Continued)

Asset Class	2022	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Authority's proportionate share	<u>\$ 21,662,789</u>	<u>\$ 16,720,441</u>	<u>\$ 12,776,420</u>

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M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately issued financial report for the State of New Jersey PERS.

Additional Information Related to the Local Group:

Collective deferred outflows of resources	\$ 1,660,772,008
Collective deferred inflows of resources	\$ 3,236,303,935
Collective net pension liability	\$15,219,184,920
Authority's portion	0.0990882170%

Collective pension expense for the Local Group for the measurement period ended June 30, 2022, is \$1,660,772,008.

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, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 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 seven 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 2022 was \$579,218 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 16th Street
Washington, DC 20006

Local 1412 (Security/EMT)
905 16th 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 07006

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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 \$55.8 million and is recognized in the 2022 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 April 2010, withdrawal demand notices were recognized for Local 734, the amount of the obligation is \$196,720 with annual payments of \$9,836. The amount of the Authority's obligation at December 31, 2022, was \$71,311.

In May 2012, withdrawal demand notices were recognized for Teamsters Local 469, the amount of the obligation is \$3.1 million with annual payments of \$152,720. The amount of the Authority's obligation at December 31, 2022, was \$1,527,200.

In June 2015, withdrawal demand notices were recognized for Local 1430, the amount of the obligation is \$187,778 with annual payments of \$25,708. The amount of the Authority's obligation at December 31, 2022, was \$0.

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. The amount of the Authority's obligation at December 31, 2022, was \$3,112,858.

O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Authority participates in a cost sharing multiple-employer defined post-retirement benefit plan (the "Plan"), which is administered by the State. The Plan provides continued health care benefits to employees retiring after twenty-five years of service. Benefits, contributions, funding and the manner of administration are determined by the State. The Division charges the Authority for its contributions. The total number of participants eligible for benefits was 217 at December 31, 2022. The Authority's contribution to the Plan for the year ended December 31, 2022, was \$2,531,137.

Please refer to the State website, www.state.nj.us for more information regarding the Plan. The Plan's financial report may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

General Information about the OPEB Plan

The Authority participates in the State Health Benefit Local Government Retired Employees Plan (the "Plan") which is a cost-sharing multiple-employer defined benefit other post-employment benefit

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

("OPEB") plan with a special funding situation. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer-paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post-retirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer.

Further, the law provides that the employer-paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire within 25 years of service or on a disability from an employer who does not provide post-retirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The Authority is in a nonspecial funding situation, therefore, coverage under Chapter 330 does not apply.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for post-retirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Allocation Methodology (Continued)

resources, and OPEB expense are based on separately calculated net OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The Authority is in a nonspecial funding situation, therefore, coverage under Chapter 330 does not apply.

Components of Net OPEB Liability

The components of the Authority's net OPEB liability as of June 30, 2022, are as follows:

	June 30, 2022
Total OPEB liability	\$ 32,407,606
Plan Fiduciary Net Position	(118,164)
Net OPEB Liability	<u>\$ 32,525,770</u>
Plan Fiduciary Net Position as a % of total OPEB liability	-0.36%

Actuarial Assumptions

The net OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

	<u>2022</u>
Salary increases*	
PERS	
All future years	2.75 - 6.55%

* Salary increases are based on years of service within the respective plan.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Classification Headcount-Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021, valuation were based on the results of the PERS experience study prepared for July 1, 2018 to June 30, 2021.

One-hundred percent of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years and for all future years. For post-65 PPO and HMO medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2023 through 2033 and all future years are reflected. The rates used for 2023 are -1.89% and -1.99%, respectively, trending to 4.5% in 2033 and for all future years. For prescription drug benefits, the initial trend rate is 8.0% and decreases to a 4.5% long-term trend rate after seven years and for all future years.

Discount Rate

The discount rate for June 30, 2022, was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

At June 30, 2022		
At 1% Decrease (1.16%)	At Current Discount Rate (2.16%)	At 1% Increase (3.16%)
\$ 37,703,915	\$ 32,525,770	\$ 28,359,468

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

At June 30, 2022		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
\$ 27,592,590	\$ 32,525,770	\$ 38,843,784

Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in Proportion

The following amounts do not include employer-specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts will be recognized (amortized) by the Authority over the average remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14, and 8.04 years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,679,666	\$ 6,028,895
Changes in assumptions	4,340,698	11,100,418
Net difference between projected and actual investment earnings on pension plan investments	8,563	-
Changes in proportion	2,587,718	4,155,101
Authority contributions made after measurement date	1,250,886	
Total	\$ 9,867,531	\$ 21,284,414

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Changes in Proportion (Continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB</u>
2023	\$ (6,971,107)
2024	(764,034)
2025	(1,777,521)
2026	(785,341)
2027	(146,632)
Thereafter	(655,753)
	<u>\$ (11,100,388)</u>

P. POLLUTION REMEDIATION COSTS

Effective 2008, pollution remediation costs were recognized as a liability on the statement of financial position and an operating expense provision was made in the statement 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 racetracks. The Authority estimates the cost to be \$8,796,000. The total payments made since 2007 were \$6,346,000, and charged to the statements of revenues, expenses and changes in net position in each respective year. Estimated future expense for environmental remediation is \$2,060,000 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 2022. The Authority is currently pursuing remediation recovery methods and assumptions used including 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

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 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.

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

R. KEEGAN LANDFILL

Air Pollution Compliance

On March 22, 2019, NJSEA entered into an Administrative Consent Order (“ACO”) with the NJ DEP regarding noncompliance with N.J.A.C. 7:27- 7.3 at the Keegan Landfill. The noncompliance was regarding emission of Hydrogen Sulfide (H₂S) in a concentration greater than 30 parts per billion by volume (ppbv) over a 30 minute period. The ACO requires NJSEA to take all actions that may be necessary to maintain compliance with the Air Pollution Control Act. As a result of an ACO between NJSEA and NJDEP, the NJSEA has installed a gas collection and monitoring system to remediate the hydrogen sulfide (H₂S) emissions from the landfill.

On May 24, 2019, the Hudson County Superior Court issued an injunction closing the Keegan Landfill. An appellate court reversed the injunction on May 31, 2019, allowing the landfill to reopen. On June 12, 2019, the New Jersey Supreme Court reinstated the decision of the Hudson County Superior Court, closing the landfill until a plenary hearing on July 25, 2019.

On September 30, 2019, The Hudson County Superior Court issued a ruling on the plenary hearing held on July 25, 2019. It was the opinion of the court that the temporary injunction to close the Keegan Landfill be made final and the landfill be closed permanently. On December 10, 2019, the Appellate Division granted a motion for leave to appeal the permanent injunction issued by the Hudson County Superior Court.

On November 1, 2019, the Authority filed a motion for leave to appeal in the Appellate Division to address the mistaken findings of fact and applications of law made by the Chancery Court in the Keegan Landfill matter regarding the landfill closing. Briefing of the issue before the Appellate Division is still in progress.

On December 19, 2019, the Board of Commissioners of NJSEA approved Resolution 2019-48, authorizing the President and CEO to take the necessary steps to settle the matters regarding the Keegan Landfill and the Town of Kearny. The settlement will be in the form of a Judicial Consent Order and will memorialize, among other terms, the permanent closure of the Keegan Landfill.

On March 6, 2020, the Judicial Consent Order memorialized the closing of the Keegan Landfill, among other settlement terms.

Pursuant to one of the terms of the Judicial Consent Order, clear cover material was imported into the sight as part of capping and contouring the landfill.

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

In calendar year 2005, the MAGNET Fund was launched. The purpose of the MAGNET Fund is to foster continued revitalization in the Meadowlands and ensure continued growth and improvement in the region both environmentally and economically. As of December 31, 2022, the fund balance in the MAGNET Fund was \$1,672,756, of which \$2,355 was committed to project commitments.

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T. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2022, consist of the following:

<u>Due from Other Funds</u>	<u>Fund</u>	<u>Due to Other Funds</u>
	<u>Governmental Funds</u>	
\$ 718,750	General Fund	\$36,985,922
295,829	Environmental Center	4,060,104
562,361	MAGNET	561,260
220	MRRI	2,068,574
12,693	Study	1,399
	<u>Enterprise Fund</u>	
25,795,630	Solid Waste	19,089,166
36,940,371	NJSEA Enterprise Fund	-
	<u>Fiduciary Funds</u>	
26,735	Mitigation Trust	1,602,703
422,556	Transportation Planning District	385,035
31,221	Grandstand	7,243
-	International Events	44,960
<u>\$64,806,366</u>	Total	<u>\$64,806,366</u>

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.

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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.

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

Reconciliation of Workmen's Compensation Claims Liability

	2022
Claims - January 1	\$ 6,502,963
Increase in provision	705,320
Claims paid	(1,003,957)
Claims - December 31	6,204,326
Less: current portion	1,003,957
Long-term liability	\$ 5,200,369

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. Repayment of the loans began in 2010 and ends in 2029.

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V. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The State appropriated and remitted to the Authority \$32 million in state aid. This amount is used to fund the General Fund operations.

The Authority received \$1,357,995 in State Police subsidies in 2021, of which \$423,995 and \$934,000 was expended and recognized as revenue in the Sports Complex Enterprise Fund in 2021 and 2022, respectively. As of December 31, 2022, all funds were expended.

W. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD RESTATEMENT

Effective December 31, 2022, the Authority implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right-of-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Authority's financial statements and had an effect on the beginning fund balances of the General Fund as presented in the Balance Sheet – Governmental Funds and net positions of the Sports Complex Fund and Governmental and Business-Type Activities, as presented in the Statement of Net Position – Proprietary Funds and the government-wide Statement of Net Position, respectively, and Special Escrow Fund, as presented in the Statement of Fiduciary Net Position – Fiduciary Funds. The effects on the fund balance and net positions from the implementation of GASB Statement No. 87 is summarized below. The Authority evaluated its lessee leases for a copier, computer and other equipment and determined that these leases were insignificant for implementation of this standard.

	Governmental Funds		Proprietary Funds		Fiduciary Funds
	General Fund	Governmental Activities	Sports Complex Fund	Business-Type Activities	Special Escrow Fund
Fund Balance/Net Position					
December 31, 2021	\$ (6,387,628)	\$ (29,116,721)	\$ 150,134,442	\$ 149,739,805	\$ 5,254,888
Adjustments:					
Lease receivable	9,787,379	9,787,379	211,432,541	211,432,541	3,560,982
Deferred inflows of resources - leases	(9,497,768)	(9,497,768)	(243,881,116)	(243,881,116)	(2,503,581)
Restated Fund Balance/Net Position					
December 31, 2021	<u>\$ (6,098,017)</u>	<u>\$ (28,827,110)</u>	<u>\$ 117,685,867</u>	<u>\$ 117,291,230</u>	<u>\$ 6,312,289</u>

See Note J for additional detail regarding the active Authority leases subject to this standard.

X. SIGNIFICANT EVENTS

2026 World Cup

In collaboration with the City of New York, NJSEA was selected in June 2022 as one of sixteen North American cities to host Federation Internationale de Football Association's ("FIFA") 2026 World Cup Soccer Matches. Consulting firms have been retained to assist in assessing both the costs of hosting the matches and the economic benefit to the New York Metropolitan Area in general and the State of New Jersey particularly.

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X. SIGNIFICANT EVENTS (CONTINUED)

American Dream Project

Due to the COVID-19 pandemic, the American Dream project suffered an almost two-year loss/severe curtailment of operational revenue. This loss of revenue resulted in the American Dream Project defaulting under its construction loan documents during 2022. The project has continued operations with the addition of new retail outlets and entertainment venues. A multi-year forbearance agreement has been reached between the project developer and the construction lenders to allow for recoupment of losses resulting from the mandated shutdown and subsequent re-opening. Since the construction loan is not held by the NJSEA, there was no financial impact to the Authority as a result of this default.

The American Dream Project also defaulted on its ERGG and PILOT Bonds obligations (see Note I) during 2022. Since these bonds are conduit debt to NJSEA, there was no financial impact to the Authority as a result of these defaults.

Y. SUBSEQUENT EVENTS

2026 World Cup

In January 2023, the NJSEA entered into a Memorandum of Understanding with the New Jersey Department of Treasury to receive \$30M to assist the NJSEA in fulfilling its commitments to FIFA made under the Hosting Agreements to undertake the hosting of the 2026 FIFA World Cup.

Meadowlands Aid

In March 2023, the NJSEA entered into a Memorandum of Understanding with the New Jersey Department of Community Affairs in Coronavirus to receive \$15M in State Fiscal Recovery Funds due to COVID-19 negative economic impact. These funds will be used to provide Aid to the Meadowlands Sports Complex.

Newark Event Tourism Program

In May 2023, the NJSEA entered into a Memorandum of Understanding with the New Jersey Department of Community Affairs to receive \$3.5M in State Fiscal Recovery Funds due to COVID-19 negative economic impact. These funds were used to provide Aid to the Newark Event Tourism Program.

Business Interruption Claim Settlement

In November 2023, the NJSEA agreed to settle with Ace American Insurance Company for a business interruption claim relating to the closure of the Keegan Landfill, with \$2,750,000 to be paid to the Authority.

American Dream Project

The American Dream Project defaulted on its ERGG and PILOT Bonds obligations (see Note I) during 2023. Since these bonds are conduit debt to NJSEA, there was no financial impact to the Authority as a result of these defaults.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

DRAFT

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
VERSUS ACTUAL – (UNAUDITED)
Year Ended December 31, 2022

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Higher/(Lower)
Revenues					
East Rutherford					
NMSCO Ground Lease	\$ 6,300,000	\$ -	\$ 6,300,000	\$ 6,300,000	\$ -
NMR Shared Services	7,700,000	-	7,700,000	8,876,973	1,176,973
Arena Revenue	1,200,000	-	1,200,000	2,724,975	1,524,975
Monmouth Park Reimbursables	2,400,000	-	2,400,000	2,417,028	17,028
(2) Convention Center	-	-	-	2,609,649	2,609,649
(2) Tourism Tax Revenue	-	-	-	6,349,877	6,349,877
Misc. Other	3,027,000	-	3,027,000	4,793,353	1,766,353
Total - East Rutherford	20,627,000	-	20,627,000	34,071,855	13,444,855
Lyndhurst					
Lease Revenues	1,273,201	-	1,273,201	1,138,499	(134,702)
Land Use Fee Income	650,000	-	650,000	1,424,964	774,964
Misc. Other	289,215	-	289,215	1,331,544	1,042,329
Total - Lyndhurst	2,212,416	-	2,212,416	3,895,007	1,682,591
Solid Waste Revenue	-	-	-	328,925	328,925
Total Revenues	22,839,416	-	22,839,416	38,295,787	15,456,371
Expenditures					
East Rutherford					
Salaries/Fringe	7,464,268	-	7,464,268	6,803,118	(661,150)
Utilities	3,075,150	-	3,075,150	3,917,406	842,256
New Jersey Racing Commission	3,103,988	-	3,103,988	3,114,521	10,533
Professional Services	5,533,218	-	5,533,218	7,546,369	2,013,151
Pension	1,550,000	-	1,550,000	(27,634,663)	(29,184,663)
Workers Compensation	1,000,000	-	1,000,000	315,843	(684,157)
Repairs/Maintenance - Building/Other	1,943,481	-	1,943,481	1,861,460	(82,021)
(2) Convention Center	-	-	-	7,754,925	7,754,925
Misc. Other	934,000	-	934,000	652,164	(281,836)
Total East Rutherford	24,604,105	-	24,604,105	4,331,143	(20,272,962)
Lyndhurst					
Salaries/Fringe	11,926,324	-	11,926,324	11,929,104	2,780
Services	2,496,435	-	2,496,435	1,352,590	(1,143,845)
Capital/Maintenance	4,015,000	-	4,015,000	678,935	(3,336,065)
Repairs/Maintenance	550,060	-	550,060	475,680	(74,380)
Ramapo Partnership	600,000	-	600,000	600,000	-
Misc. Other	797,671	-	797,671	1,359,618	561,947
Total Lyndhurst	20,385,490	-	20,385,490	16,395,927	(3,989,563)
Solid Waste Operating Expenses	7,491,057	-	7,491,057	5,229,917	(2,261,140)
Total Expenditures	52,480,652	-	52,480,652	25,956,987	(26,523,665)
Total Operating Gain/(Loss)	(29,641,236)	-	(29,641,236)	12,338,800	41,980,036
Other Revenues and (Expenditures)					
State Appropriations	33,000,000	-	33,000,000	33,134,000	134,000
FEMA	-	-	-	138,195	138,195
Reserves	9,234,390	-	9,234,390	-	(9,234,390)
Business-type depreciation and amortization	-	-	-	(7,909,496)	(7,909,496)
Adjustments related to pension and OPEB	-	-	-	1,595,194	1,595,194
PILOT / Property Taxes / CAFO	(12,593,154)	-	(12,593,154)	(13,406,967)	(813,813)
Adjustments related to GASB 87 Leases	-	-	-	10,886,899	10,886,899
Total Non-operating Revenues & Expenditures	29,641,236	-	29,641,236	24,437,825	(5,203,411)
Deficit of revenues over expenditures (governmental funds basis)	\$ -	\$ -	\$ -	\$ 36,776,625	\$ 36,776,625

Amounts reported for Governmental Activities in the statement of revenues, expenditures and changes in fund balance are different because of:

Capital outlays	\$ 678,935
Depreciation expense	(579,691)
Compensated absences	17,094
Pension obligation	1,799,317
Post-employment healthcare benefits, other than pension obligation	1,060,172
Deficit of revenues over expenditures	39,752,452
Net position, beginning of year	88,464,120
Net position end of year	\$ 128,216,572

- (1) NJSEA policy is to prepare an entity-wide budget for its operations and does prepare budgets by major funds.
(2) Wildwoods Convention Center activities are not budgeted by NJSEA. Budgets for Wildwoods Convention Center are prepared by the Greater Wildwoods Tourism Improvement & Development Authority (GWTIDA).

See independent auditors' report.

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 – (UNAUDITED)
December 31, 2022

PERS - Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.1107946705%	0.1134734513%	0.1084811440%	0.0997146684%	0.0950367800%	0.1013676481%	0.1376070051%	0.1714730000%	0.1769954550%
Authority's proportionate share of net pension liability	\$ 16,720,441	\$ 13,442,632	\$ 17,690,438	\$ 17,967,071	\$ 18,712,270	\$ 23,596,769	\$ 40,755,248	\$ 38,492,333	\$ 33,138,370
Authority's covered-employee payroll	8,262,310	8,138,507	8,147,626	7,706,813	7,244,806	6,805,889	7,963,473	12,049,996	11,446,921
Authority's proportionate share of net pension liability as a % of payroll	202.37%	165.17%	217.12%	233.13%	258.29%	346.71%	511.78%	319.44%	289.50%
Total pension liability	45,458,243	45,797,395	42,777,145	41,373,076	40,325,601	45,465,790	68,080,650	73,921,290	69,154,727
Plan fiduciary net position	28,737,802	32,354,763	25,086,707	23,406,005	21,613,333	21,869,021	27,325,402	35,429,038	36,016,337
Plan fiduciary net position as a % of total pension liability	63.22%	70.65%	58.65%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%

(1) In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail, however, only nine years of data is available at this time.

N/A = Information not available.

- There were no benefit changes.

- The discount rate changed from the measurement date of June 30, 2014, of 5.39% to 4.90% as of the measurement date of June 30, 2015.

- The discount rate changed from the measurement date of June 30, 2015, of 4.90% to 3.98% as of the measurement date of June 30, 2016.

- The discount rate changed from the measurement date of June 30, 2016, of 3.98% to 5.00% as of the measurement date of June 30, 2017.

- The discount rate changed from the measurement date of June 30, 2017, of 5.00% to 5.66% as of the measurement date of June 30, 2018.

- The discount rate changed from the measurement date of June 30, 2018, of 5.66% to 6.28% as of the measurement date of June 30, 2019.

- The discount rate changed from the measurement date of June 30, 2019, of 6.28% to 7.00% as of the measurement date of June 30, 2020.

- The discount rate of 7.00% as of the measurement date of June 30, 2021, was unchanged from the June 30, 2020, measurement date.

- The discount rate of 7.00% as of the measurement date of June 30, 2022, was unchanged from the June 30, 2021, measurement date.

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

SCHEDULE OF CONTRIBUTIONS – PUBLIC EMPLOYEES RETIREMENT SYSTEM – (UNAUDITED)
Year Ended December 31, 2022

	PERS - Last 10 Fiscal Years								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,397,174	\$ 1,328,906	\$ 1,186,729	\$ 969,930	\$ 945,309	\$ 939,063	\$ 1,222,481	\$ 1,474,211	\$ 1,527,382
Contributions in relation to the contractually required contribution	1,397,174	1,328,906	1,186,729	969,930	945,309	939,063	1,222,481	1,474,211	1,527,382
Authority's covered-employee payroll	8,262,310	8,138,507	8,147,626	7,706,813	7,244,806	6,805,889	7,963,473	12,049,996	11,446,921
Contributions as a % of covered-employee payroll	16.91%	16.33%	14.57%	12.59%	13.05%	13.80%	15.35%	12.23%	13.34%

(1) In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail, however, only nine years of data is available at this time.

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

SCHEDULE OF CONTRIBUTIONS – OTHER POST-EMPLOYMENT BENEFITS – (UNAUDITED)
Year Ended December 31, 2022

	Last 10 Fiscal Years						
	2022	2021	2020	2019	2018	2017	2016
Proportion of the net OPEB liability	0.201403%	0.200855%	0.204415%	0.190465%	0.198912%	0.194440%	0.238124%
Proportionate share of net OPEB liability	\$ 32,525,770	\$ 36,153,461	\$ 36,685,569	\$ 25,800,524	\$ 31,162,783	\$ 39,696,460	\$ 51,714,386
Contributions	2,527,801	2,431,458	2,344,932	2,395,835	3,035,347	3,212,357	1,711,301*

1) In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail in the above Schedule of Authority's Contributions and Schedule of Authority's Proportionate Share of Net OPEB Liability and Contributions, however, only seven years of data are available at this time.

* Only contributions related to retirees are reported for 2016. Data for contributions related to active employees, net of employee deductions are unavailable at this time.

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated **DATE**, 2023. Our report qualified our opinion on the business-type activities and the Sports Complex 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.

Report on 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) in order to design 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 or significant deficiencies may exist that were not 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)

Report on 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 financial statements. 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

DATE, 2023

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

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None reported.

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None reported.

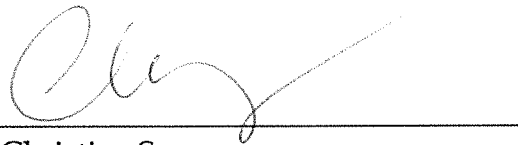
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RESOLUTION 2023-47

**RESOLUTION ADOPTING THE
2024 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 2024 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 December 21, 2023.

A handwritten signature in black ink, appearing to read 'Christine Sanz', is written over a horizontal line.

Christine Sanz
Secretary



NEW JERSEY SPORTS & EXPOSITION AUTHORITY

For the Twelve Months Ending

DRAFT DELIBERATIVE

	2023 Final Budget	2024 Proposed Budget	2024 vs. 2023
REVENUES			
Operating Revenue			
NMSCO Ground Lease	\$ 6,300,000	\$ 6,300,000	\$ -
NMR Shared Services/Ground Lease	8,580,000	8,580,000	-
MP Shared Services/Interest Income	2,177,000	2,000,000	(177,000)
Lease Revenue	1,709,176	2,023,573	314,397
Land Use Fee Income	650,000	800,000	150,000
Market Place	440,000	460,000	20,000
Wireless Income	350,000	350,000	-
Wildwood Management Fees	315,000	315,000	-
Arena Revenue	2,600,000	2,700,000	100,000
AD Shared Services	1,400,000	1,705,184	305,184
AD Ground Lease	-	4,743,750	4,743,750
Misc. Other	544,823	966,200	421,377
TOTAL REVENUES	\$ 25,065,999	\$ 30,943,707	\$ 5,877,708
EXPENSES			
Operating Expenses			
Salaries/Fringe-Administrative & Retirees	\$ 13,929,311	\$ 15,000,679	\$ 1,071,368
Salaries/Fringe-Union	7,696,955	8,126,130	429,175
Supplies	848,675	912,300	63,625
Services - Non Discretionary	13,253,180	14,592,200	1,339,020
Services - Discretionary	4,814,812	5,507,209	692,397
Repairs/Maintenance	1,951,770	2,042,700	90,930
Utilities	4,893,430	4,229,561	(663,869)
Other	18,714,563	18,532,928	(181,635)
TOTAL EXPENSES	\$ 66,102,696	\$ 68,943,707	\$ 2,841,011
OPERATING GAIN/(LOSS)	\$ (41,036,697)	\$ (38,000,000)	\$ 3,036,697
NON-OPERATING INCOME/(EXPENSES)			
State Appropriation	\$ 33,000,000	\$ 33,000,000	\$ -
Solid Waste Appropriation	-	5,000,000	5,000,000
Capital Fund Reserve	3,122,733	-	(3,122,733)
Solid Waste Closure Fund	1,092,021	-	(1,092,021)
Solid Waste Rec. Fund Reserve	608,010	-	(608,010)
Solid Waste Shortfall	3,213,933	-	(3,213,933)
TOTAL NON-OPERATING INCOME/(EXPENSE)	\$ 41,036,697	\$ 38,000,000	\$ (3,036,697)
CHANGE IN NET POSITION	\$ -	\$ -	\$ -

AWARDS / CONTRACTS

RESOLUTION 2023-48

**RESOLUTION AUTHORIZING THE PLACEMENT OF PROPERTY, TERRORISM,
GENERAL LIABILITY, EXCESS LIABILITY & UMBRELLA (sports & commission),
MARINE & BOAT HULL, PUBLIC OFFICIALS, CRIME & FIDUCIARY, DRONE HULL
LIABILITY, MEDICAL PROFESSIONAL, HELIPORT LIABILITY, CYBER, STORAGE
TANKS, AUTO & AUTO PHYSICAL DAMAGE AND ACTIVE ASSAILANT**

WHEREAS, the New Jersey Sports and Exposition Authority ("Authority") utilized the services of its Insurance Broker, Willis Towers Watson Northeast, Inc. ("Willis") to obtain liability and property insurance coverage; and

WHEREAS, Willis solicited quotes from multiple insurers for the above referenced policies, and

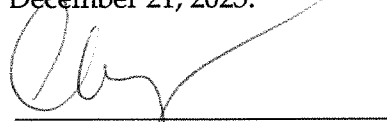
WHEREAS, as a result of its solicitation, Willis is recommending that the Authority bind the following policies.

Coverage	Carrier	Quote
Property (Sports Complex)	AIG	\$ 743,100
Property (Wildwood)	AXIS/AIG/Lex/Markel/RSUI/Starstone/CNA	\$ 477,071
Property (Lyndhurst Locations)	Allianz (McKee)	\$ 38,648
Property Terrorism	Liberty Mutual	\$ 33,845
Crime & Fiduciary	AIG	\$ 12,907
Marine & Boat Hull	Argonaut/Markel/Beazley/Liberty	\$ 53,460
Auto Physical Damage	Markel	\$ 27,193
Auto (included in Munich Re Umbrella)	Munich Re	
Public Officials	PGU	\$ 96,153
Excess Public Officials	RSUI/Nexus	\$ 96,308
General Liability (Sports & WW)	Philadelphia	\$ 382,510
Commercial Umbrella (Sports & WW)	Philadelphia/AIG	\$ 215,606
General Liability (Commission)	McKee-One Republic	\$ 131,363
Lead Umbrella (Commission)	Munich Re	\$ 361,000
Excess Umbrella (Commission)	Berkley	\$ 221,563
Excess Master Umbrella (Sports & Comm)	AWAC	\$ 341,631
General Liability (Landfills)	AmTrust (CRC)	\$ 37,573
Medical Professional	MedPro	\$ 10,251
Helicopter Liability	Chubb	\$ 24,885
Drone Hull Liability	Global Aerospace	\$ 2,873
Storage Tank	Chubb/Ace American	\$ 10,638
Cyber	Coalition	\$ 17,845
Active Assailant	Hiscox	\$ 16,500
Total		\$3,352,923

WHEREAS, the Authority staff has evaluated the insurance premium quotation options submitted by Willis and concurs with its recommendation.

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the New Jersey Sports and Exposition Authority hereby authorize Willis to bind the policies that will be effective January 1, 2024 through January 1, 2025 at a total cost of \$3,352,923.

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 December 21, 2023.



Christine Sanz
Secretary

RESOLUTION 2023-49

**RESOLUTION AUTHORIZING THE APPROPRIATION OF \$400,000.00
TO NEW MEADOWLANDS STADIUM COMPANY, LLC (NMSC) IN
CONNECTION WITH THE 2024 CONMEBOL COPA AMERICA
TOURNAMENT**

WHEREAS, the 2024 CONMEBOL Copa America tournament is an international soccer tournament at which countries from North and South America will compete is scheduled to be held at MetLife Stadium, located at 1 MetLife Stadium Drive, East Rutherford, NJ 07073, with games scheduled for June 25th, 2024, June 27th, 2024 and July 9th, 2024; and

WHEREAS, the State of New Jersey recognizes that hosting the above referenced event will generate significant tax revenue and will further benefit additional economic impact items including, but not limited to, tourism, hotels, restaurants and job creation; and

WHEREAS, NMSC submitted an application to host the 2024 CONMEBOL Copa America tournament relying upon a commitment by the NJSEA to contribute the sum of four hundred thousand dollars (\$400,000) towards the cost of hosting the tournament; and

WHEREAS, the commitment to the event was memorialized in a letter dated November 18th, 2023, signed by a duly authorized representative of the NJSEA; and

WHEREAS, that commitment requires NJSEA to make said payments prior to or at the time of the event.

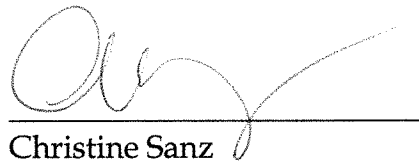
NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the New Jersey Sports and Exposition Authority hereby authorize an appropriation of the sum of \$400,000.00 as a contribution to NMSC in connection with the cost of hosting the 2024 CONMEBOL Copa America tournament.

BE IT FURTHER RESOLVED, that the President of the Authority is authorized to finalize a Memorandum of Understanding with NMSC and any other Related Agreements with such reasonable or necessary changes thereto as such officer shall approve in his sole discretion, such approval to be conclusively evidenced by the execution and delivery thereof; and

BE IT FURTHER RESOLVED, that the President of the Authority or any other officer authorized by the President of the Authority be, and hereby are, authorized and directed to take all such further actions and to execute and deliver

all such further instruments and documents as the President shall determine to be reasonable or necessary, in the name and on behalf of the Authority to fully carry out the intent and to accomplish the purposes of the foregoing resolutions, and the execution by the President or other officer of any of such instrument or document, or the doing by such officer of any act in connection with the foregoing matters, shall conclusively establish such officer's authority therefore from the Authority and the approval and ratification by the Authority of the instruments and documents so executed and the actions so taken.

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 December 21, 2023.

A handwritten signature in black ink, appearing to read 'Christine Sanz', is written over a horizontal line.

Christine Sanz
Secretary

RESOLUTION 2023-50

**RESOLUTION AUTHORIZING THE APPROPRIATION OF \$1,650,000.00
TO NEW MEADOWLANDS STADIUM COMPANY, LLC (NMSC) IN
CONNECTION WITH THE NHL STADIUM SERIES**

WHEREAS, the NHL Stadium Series is a recurring special event during which the NHL hosts outdoor hockey games across the United States and Canada; and

WHEREAS, the 2024 NHL Stadium Series is scheduled to be held at MetLife Stadium, located at 1 MetLife Stadium Drive, East Rutherford, NJ 07073 over President's Day Weekend on both February 17th, 2024, when the New Jersey Devils host the Philadelphia Flyers, and again on February 18th, 2024, when the New York Islanders host the New York Rangers; and

WHEREAS, the State of New Jersey recognizes that hosting the above referenced events will generate significant tax revenue and will further benefit additional economic impact items including, but not limited to, tourism, hotels, restaurants and job creation; and

WHEREAS, the NJSEA has committed to provide One Million Six Hundred and Fifty Thousand (\$1,650,000.00) towards the costs of hosting the NHL Stadium Series; and

WHEREAS, the commitment was memorialized in a letter dated November 18th, 2023, signed by a duly authorized representative of the NJSEA; and

WHEREAS, that commitment requires NJSEA to make said payment prior to or at the time of the event; and

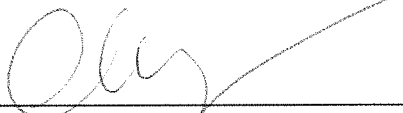
NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the New Jersey Sports and Exposition Authority hereby authorize an appropriation of the sum of \$1,650,000.00 as a contribution to NMSC in connection with the cost of hosting the NHL Stadium Series.

BE IT FURTHER RESOLVED, that the President of the Authority be, and is hereby authorized to finalize a Memorandum of Understanding with NMSC and any other related agreements with such reasonable or necessary changes thereto as such officer shall approve in his sole discretion, such approval to be conclusively evidenced by the execution and delivery thereof; and

BE IT FURTHER RESOLVED, that the President of the Authority or any other officer authorized by the President of the Authority be, and hereby are,

authorized and directed to take all such further actions and to execute and deliver all such further instruments and documents as the President shall determine to be reasonable or necessary, in the name and on behalf of the Authority to fully carry out the intent and to accomplish the purposes of the foregoing resolutions, and the execution by the President or other officer of any of such instrument or document, or the doing by such officer of any act in connection with the foregoing matters, shall conclusively establish such officer's authority therefore from the Authority and the approval and ratification by the Authority of the instruments and documents so executed and the actions so taken.

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 December 21, 2023.



Christine Sanz
Secretary

RESOLUTION 2023-51

**RESOLUTION AUTHORIZING THE ALLOCATION OF FUNDS TO ASSIST WITH
SECURING AND HOSTING A LARGE-SCALE, MARQUEE SPORTING EVENT AT
THE PRUDENTIAL CENTER IN NEWARK**

WHEREAS, the New Jersey Sports and Exposition Authority ("NJSEA") recognizes that drawing large-scale sporting events and competitions to New Jersey venues generates substantial benefits for the tourism, hospitality, and travel industries; and

WHEREAS, the sold-out UFC 288 event, held on May 6, 2023, at the Prudential Center in Newark attracted more than 17,500 attendees and resulted in significant positive economic impacts for the city and the surrounding region, including increased economic activity for hotels, restaurants, and local businesses; and

WHEREAS, in addition to direct economic impact, the State received significant media exposure as a result of UFC efforts at community engagement, as well as extensive event promotion and marketing; and


WHEREAS, building on the success of UFC 288, Devils Arena Entertainment, LLC ("DAE"), the operator of the Prudential Center, recently made a request to the NJSEA for funds to help secure an upcoming UFC mixed martial arts pay-per-view event, currently scheduled for June 1, 2024; and

WHEREAS, the NJSEA received a funding appropriation in the FY2024 State Budget for "International Events, Improvements and Attraction;" and

WHEREAS, in response to the request, and with the goal of duplicating the significant regional economic benefits from the previous event, the NJSEA desires to utilize a portion of the appropriation to assist DAE in securing and hosting the upcoming UFC pay-per-view event.

NOW, THEREFORE, BE IT RESOLVED, that the President and CEO of the NJSEA is hereby authorized and directed to take all such actions and to execute and deliver all such instruments and documents, as is reasonable or necessary to accomplish the purposes of the foregoing Resolution, and that the Board of Commissioners of the New Jersey Sports and Exposition Authority hereby authorizes the disbursement of funds in the amount of \$5,000,000 to Devils Arena Entertainment, LLC. to accomplish the purposes of the foregoing Resolution.

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 December 21, 2023.



Christine Sanz
Secretary