April 8, 2020

VIA OVERNIGHT MAIL

The Honorable Phil Murphy, Governor
Office of the Governor
State House
PO Box 001
Trenton, NJ 08625

Assembly Speaker Craig Coughlin,
New Jersey State Assembly
State House
PO Box 098
Trenton, NJ 08625

Kevin Walsh
Acting State Comptroller
New Jersey Office of the State Comptroller
20 West State Street
Trenton, NJ 08625

Senate President Stephen M. Sweeney,
New Jersey State Senate
State House
PO Box 099
Trenton, NJ 08625

Brian Bridges, Ph.D.
New Jersey Secretary of Higher Education
Office of Secretary of Higher Education
1 John Fitch Plaza, 10th Floor, PO Box 542
Trenton, NJ 08625-0542


Dear Governor Murphy, Senator Sweeney, Assemblyman Coughlin, Secretary Bridges and Comptroller Walsh:

In accordance with §1 of P.L. 2017, c. 30 (N.J.S.A. 18A:3B-6.2), and on behalf of the Board of Trustees of Stockton University (the “University”), I hereby submit a report on the purchase of real property the cost of which is greater than the amount set forth in §10.b (1) of P.L. 2007, c. 52 (N.J.S.A. 52:15C-10).

The University has determined to proceed with the development, financing and construction of a residential facility on property located nearby the University’s current Atlantic City campus, consisting of approximately 135,000 square feet and containing housing for approximately 416 students (the “Atlantic City Phase II Project”). The Atlantic City Phase II Project will be located on property referred to as Block 186, Lots 5, 6, 7, 8, and 9 on the Official Tax Maps of the City of Atlantic City. The total estimated cost of the Atlantic City Phase II Project is $69,300,000.
The Atlantic City Phase II Project will be developed as a redevelopment project pursuant to a Master Lease Agreement between the University and Atlantic City University Housing Associates, LLC, a single purpose limited liability company wholly owned by the Atlantic City Development Corporation (the “Developer”). The University and the Developer will finance the costs of the Atlantic City Phase II Project with (a) approximately $59,300,000 of tax-exempt bonds (“Bonds”) to be issued by The Atlantic County Improvement Authority (the “ACIA”) and (b) a $10,000,000 loan from the Casino Reinvestment Development Authority (“CRDA Loan”). The Bonds and the CRDA Loan will be secured by annual rent payments made by the University to the Developer under the Master Lease Agreement, which the Developer will assign to the ACIA and the CRDA to pay the Bonds and the CRDA Loan, respectively.

Under the terms of the Master Lease Agreement, the University has the option to purchase the Atlantic City Phase II Project on and any time after March 1, 2023 (the estimated date of substantial completion). If the University exercises its right to purchase the Atlantic City Phase II Project, the University may either pay the outstanding balance of the Bonds and the CRDA Loan or assume the Developer’s obligations to pay the Bonds and the CRDA Loan.

On February 24, 2021, the University’s Board of Trustees adopted a Resolution to approve and authorize the development, financing and construction of the Atlantic City Phase II Project and the execution and delivery of the Master Lease Agreement. The University expects to execute the Master Lease Agreement on or about May 11, 2021, upon issuance of the Bonds and closing of the CRDA Loan.

Since the University has the option to purchase the Atlantic City Phase II Project under the Master Lease Agreement, this report is being submitted to you pursuant to §1 of P.L. 2017, c. 30 (N.J.S.A. 18A:3B-6.2). In addition, the University submitted the Master Lease Agreement to the State Comptroller in accordance with Section 10 of P.L. 2017, c. 52 (N.J.S.A. 52:15C-10).

Sincerely,

[Signature]

Brian Kowalski
General Counsel

/jg

c: New Jersey Office of Legislative Services, Director of Public Information
Harvey Kesselman, President
Stockton University Board of Trustees