EO 63 Posting Update
Aspire Program 3.0

June 19, 2025

NJEDA
ECONOMIC DEVELOPMENT AUTHORITY

Sale of Buildings Analysis

Original EO 63 Provision

- The Authority will review the returns generated by the sale of the building(s) or condo(s) and how it impacts the total project return compared to the reasonable and appropriate rate of return at board approval. Should the anticipated return exceed the approved rate of return, the developer shall remit one half of the excess to the State in cash at the time of sale. The amount paid shall be kept by the State regardless of the project return at the end of the eligibility period. This will be considered a major modification. Buildings can only be sold post-project completion/certification (or phased project completion/certification)

Updated EO 63 Provision

- The Authority will review the returns generated by the sale of the building(s) or portion of building(s) and how it impacts the total project return compared to the reasonable and appropriate rate of return ("RARR") determined at Board approval. Before the sale of one or more buildings that are part of a larger redevelopment project, the Authority will review the cumulative return, which consists of the actual returns to date and the projected return through the end of the eligibility period. **If the cumulative return exceeds the RARR, the Authority shall require the developer to pay to the State 20% of the net proceeds.** EDA reserves the right to conduct a satisfactory review of proposed buyer.

Reinvestment of Proceeds

Original EO 63 Provision

- **UPDATE:** There are two additional options for multi-phase Transformative Projects. EDA reserves the right to conduct a satisfactory review of proposed buyer under all options.
- **<u>1: Reinvestment of Excess Returns</u> -** If a multi-phase Transformative project reinvests 100% of the anticipated excess returns not to exceed the net proceeds of the sale back into the project, as equity to address increased cost or to replace debt as defined in the approval and agreement, **then no payment will be required.**
- **<u>2: Escrow of Excess Returns</u>** - At the end of the eligibility period, the analysis for profit sharing will be conducted, which is: if the actual rate of return on investment exceeds the reasonable and appropriate rate of return on investment ("RARR") at the time of Board approval by more than 15%, **the Authority shall require the developer to pay into escrow 20% of the amount in excess of the reasonable and appropriate rate of return on investment as established by law.** The balance of proceeds would be released to the developer at the end of final eligibility period.

Updated EO 63 Provision

- EDA reserves the right to conduct a satisfactory review of proposed buyer(s).
- **<u>Reinvestment of Excess Returns</u> -** If a multi-phase Transformative project reinvests 100% of the returns in excess of the RARR into the next phase of the project, as defined in the approval and agreement, **then no payment will be required.**

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