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ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("**2025 Escrow Agreement**") by and between the **CITY OF ATLANTIC CITY**, a body corporate and politic of the State of New Jersey whose address is 1301 Bacharach Boulevard, Atlantic City, NJ 08401 (the "**City**") and **DEEM ENTERPRISES, LLCPROPOSED REDEVELOPMENT PROJECT**, c/o Daniel J. Gallagher, Esq., 336 North Annapolis Avenue, Atlantic City, NJ 08401(and its successors and assigns, the "**Prospective Redeveloper**" and, together with the City, the "**Parties**").

WITNESSETH:

WHEREAS, on November 23, 1994, the City Council of the City of Atlantic City adopted Resolution No. 889-1994 designating the entirety of the City of Atlantic City as an area in need of rehabilitation pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "**Redevelopment Law**"); and

WHEREAS, the City of Atlantic City Pilot law Senate Bill 1715, designates the entire City of Atlantic City as an area in need of redevelopment. The Statute provides that "consistent with the legislature acts with respect to other Garden State Growth Zones, a municipality which contains a tourism district as established pursuant to Section P.L. 2011, c.18 known as (C.5:12-219) and is regulated by the Casino Reinvestment Development Authority is hereby declared a blighted area and an area in need of redevelopment"; and

WHEREAS, by Resolution No. 422 of 2008, the City Council directed the Planning Board of the City of Atlantic City to prepare a redevelopment plan for Lot 1 of Block 794, commonly known as the former City municipal airport Bader Field (the "**Bader Field Site**"), in accordance with the Redevelopment Law; and

WHEREAS, by Ordinance 42 of 2008, the City adopted a Redevelopment Plan titled "Redevelopment Plan for the Bader Field Redevelopment Area" (the "**Redevelopment Plan**"), which sets forth, *inter alia*, the plans for the rehabilitation and redevelopment of the described area of redevelopment; and

WHEREAS, by virtue of N.J.S.A. 52:27BBBB-1 et. seq., the State of New Jersey via the New Jersey Department of Community Affairs ("**NJDCA**") determined in 2016 that the City was in need of stabilization which triggered the State of New Jersey to exercise its authority over the City to stabilize the City's finances, which authority remains in full force and effect. Consequently, the NJDCA has legal authority and approval over any agreement entered into and approval issued by the City and as such NJDCA approval is a condition precedent to the effectiveness of any agreement or approval. As of the date hereof, NJDCA has not considered and approved an extension of the MOU or a new MOU or a redevelopment agreement between the Parties; and

WHEREAS, DEEM has proposed to the City certain extensive rehabilitation and redevelopment real estate activities for the entire Bader Field Site as well as that certain real

property known as Lot 6 of Block 386 and Lot 6 of Block 781, which activities are described in general hereinbelow (the "**Proposed Redevelopment Project**"); and

WHEREAS, by Resolution 222 of 2023, the City Council approved the execution of a Memorandum of Understanding ("MOU") with DEEM for the purpose of (i) evaluating a project proposed by DEEM and known as "Renaissance at Bader Field;" (ii) determining whether DEEM should be appointed the redeveloper of Bader Field pursuant to the Local Housing and Redevelopment Law, N.J.S.A. 40A:20A-1 *et seq.*; and, if so, (iii) negotiating a Redevelopment Agreement between the parties; and

WHEREAS, the MOU expired by its terms on September 23, 2023 but the parties have continued to engage in discussions regarding the Proposed Redevelopment Project, which discussions have reached a phase where City professionals must be re-engaged to review, vet and inspect various aspects of the Project as well as prepare, review and negotiate documents, and perform other activities on behalf of the City in connection with the Proposed Redevelopment Project. (collectively, the "**City Activities**");

WHEREAS, pursuant to N.J.S.A. 40A:5-32 and N.J.S.A. 40:55D-53.2, the City is authorized to seek reimbursement for payments to professionals for services rendered to the municipality for such assistance; and

NOW, THEREFORE, in order to carry out the purpose and intent of the above paragraphs the parties do hereby agree as follows:

Section 1. Prospective Redeveloper agrees to pay all City Expenses as defined above.

Section 2. Prospective Redeveloper hereby creates an escrow account with the City to be controlled by the Controller of the City for the purposes of paying the City Expenses.

Section 3. Prospective Redeveloper shall deposit the amount of **Five Hundred Thousand ($500,000.00) Dollars** (the "**Deposit**") to fund the City Expenses Escrow.

Section 4. The City may engage such professionals as are necessary to advise the City in connection with the Proposed Redevelopment Project. Each professional shall be required to submit vouchers or bills on a regular basis detailing the work performed and the fees and costs related thereto.

Section 5. The City shall review each bill or invoice for consistency with this 2025 Escrow Agreement and shall forward the vouchers and bills, along with a statement of amounts due ("**Statements**") to Prospective Redeveloper on a periodic basis. Such Statements may be sent by regular mail or email. Prospective Redeveloper shall have ten (10) business days to review each Statement.

Section 6. The City shall be entitled to withdraw from the City Expenses Escrow the money to pay any undisputed City invoice once the ten (10) business day review period has passed or ASOW has issued its objections, whichever is sooner. If ASOW does not object to an invoice within the ten (10) business day period, ASOW will be deemed to have approved such invoice

and the City may pay the invoice from the City Expenses Escrow. Prospective Redeveloper's ability to object to an invoice or any portion thereof shall be limited to situations where the work described in the invoice duplicated work previously billed.

Section 7. Failure to pay sufficient funds to cover the City Expenses and maintain the required Escrow balance required in Section 3 above shall be a default of this 2025 Escrow Agreement and shall also constitute an Event of Default of all other agreements signed by Parties during the pendency of this 2025 Escrow Agreement, in which event the City shall be permitted to terminate all agreements between the City and DEEM. Notice of a default (and, if appropriate, termination) shall be sent as provided in Section 11 below.

Section 8. Should any disputes arise by and between Prospective Redeveloper and the City with respect to either the funding of, or payment from, the escrow deposit account established herein, Prospective Redeveloper shall notify the City in writing whenever Prospective Redeveloper disputes the charges made for services rendered or goods provided to the City in connection with this 2025 Escrow Agreement and for which the City seeks Prospective Redeveloper to pay as City Expenses. The City, or its designee, shall, within a reasonable time period, attempt to mediate any disputed charges. If the matter is not resolved to the satisfaction of the Prospective Redeveloper, Prospective Redeveloper may file an action in Superior Court for Atlantic County. If Prospective Redeveloper submits an application to the City for land use or other municipal approval of any portion of the Proposed Redevelopment Project, then the settlement of any and all disputes, including any appeals from any decisions made by the City regarding such escrow deposit accounts, shall be made as called for by the applicable provisions of the MLUL, specifically N.J.S.A. 40:55D-53.2.a.

Section 9. If, during the existence of this 2025 Escrow Agreement, the funds deposited into said escrow account are reduced to an amount less than **$50,000** or are insufficient to cover any voucher or bill submitted in connection herewith, Prospective Redeveloper shall, within fourteen (14) days of receipt of a notice from the City, replenish the funds in the Escrow to the required amount.

Section 10. Prospective Redeveloper shall be in default of this 2025 Escrow Agreement if it (i) fails to pay sufficient funds to cover the City Expenses and maintain the required Escrow balance as and when required; or (ii) wrongfully refuses to authorize payment of any invoice. Any default of this 2025 Escrow Agreement shall also constitute a default of any other agreement then existing between the City and Prospective Redeveloper. The City shall send written notice of a default to the Prospective Redeveloper and Prospective Redeveloper shall have thirty (30) days to remedy any such default.

Section 11. Statements and notices of default shall be sent to:

If to the City: Paula Geletei, City Clerk
The City of Atlantic City
City Hall
1301 Bacharach Boulevard, Room

Atlantic City, NJ 08401
Email: pgeletei@cityofatlanticcity.org

With a copy to: Michael J. Perugini, Esq., City Solicitor
The City of Atlantic City
City Hall, Room 406
1301 Bacharach Boulevard, Room 406
Atlantic City, NJ 08401
Email: mjperugini@cityofatlanticcity.org

If to Prospective Redeveloper:
DEEM Enterprises, LLC
c/o Daniel J. Gallagher, Esq.
336 North Annapolis Avenue
Atlantic City, NJ 08401
Email: dgallagher@dangallagheraclaw.com

Any notice of default delivered hereunder may be emailed, hand delivered, sent via Certified or Registered mail, sent by overnight courier; provided that if sent via email a copy of such notice shall also be sent by regular mail or overnight courier. It shall be deemed to be delivered and received, whether actually received or not, as follows: (1) three days after being deposited in the United States Mail, postage prepaid, Certified or Registered Mail; (2) upon execution of written receipt when hand delivered; (3) one day after being sent via overnight courier; and (4) upon the sender receiving confirmation that the email transmission was completed successfully when sent via email.

Section 12. This 2025 Escrow Agreement shall end either upon any of the following events: (i) termination of the Proposed Redevelopment Project, but only upon the payment of all City Expenses by Prospective Redeveloper; or (ii) execution of an agreement between the parties which explicitly supersedes this 2025 Escrow Agreement. If a subsequent agreement is executed by the Parties for any portion of the Proposed Redevelopment Project which agreement by its terms supersedes this 2025 Escrow Agreement, all unused Escrow funds held pursuant to this 2025 Escrow Agreement shall be transferred to a new escrow to be established pursuant to such agreement. Notwithstanding the foregoing, Prospective Redeveloper shall be liable for paying any City Expenses not satisfied by funds in the Escrow which are due and owing under this 2025 Escrow Agreement. The cost to pursue Prospective Redeveloper or its assignee for performance under this 2025 Escrow Agreement shall also be considered City Expenses payable by Prospective Redeveloper. The obligations in this Section 12 shall survive termination of this 2025 Escrow Agreement.

Section 13. The Prospective Redeveloper understands and acknowledges that the City has no obligation to act favorably upon or otherwise support, endorse, or take any action whatsoever on any acquisition or redevelopment proposal made by the Prospective Redeveloper and specifically the City does not warrant nor represent that it will support any Prospective Redeveloper proposal relating to the Proposed Redevelopment Project. The Parties acknowledge that they are solely relying on their own legal and professional advisors regarding the subject matter of this 2025 Escrow Agreement.

Section 14. This 2025 Escrow Agreement constitutes the full and complete agreement between the Parties with respect to its subject matter. There are no representations, agreements, arrangements, or understandings, oral or written, concerning the subject matter hereof between the Parties which are not fully expressed or incorporated by reference herein. This 2025 Escrow Agreement may be terminated at the sole discretion of either party with ten (10) days written notice, and amended, modified, or waived only by written agreement by the Parties, except that a termination by the Prospective Redeveloper shall not be effective until all City Expenses incurred through the date of the City's receipt of a notice of termination have been paid. Prospective Redeveloper's termination hereunder shall also constitute a withdrawal of any pending filings or other documents requiring the City's review, unless otherwise agreed by the Parties.

Section 15. This 2025 Escrow Agreement shall be binding upon the respective parties hereto and their successors and assigns.

Section 16. This 2025 Escrow Agreement shall be governed by and construed by the laws of the State of New Jersey.

Section 17. This 2025 Escrow Agreement is deemed to have been prepared by both Parties and any ambiguity regarding same shall not be construed against either party.

Section 18. This 2025 Escrow Agreement may be executed in counterparts. All such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument.

[*signatures on the following page*]

IN WITNESS WHEREOF, the Parties hereto have caused this 2025 Escrow Agreement to be properly executed and their corporate seals affixed and attested as of the date first written above.

DEEM ENTERPRISES, LLC

By: _____

(Print name and title below line)

Daniel J. Gallagher

THE CITY OF ATLANTIC CITY

By: _____

Marty Small, Sr., Mayor

Attest by:

_____

Paula Geletei, City Clerk

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This Agreement is approved as to form and execution.

_____ 5/6/25

Peter T. Sallata, Esq.
Assistant City Solicitor

Resolution of the City of Atlantic City

No. 215

Approved as to Form and Legality on Basis of Facts Set Forth

Assistant City Solicitor /s/ Karl Timbers

Factual contents certified to by

Director of Planning & Development /s/ Jacques Howard

Prepared by City Solicitor's Office

Council Member RANDOLPH presents the following Resolution:

A RESOLUTION AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT WITH DEEM ENTERPRISES, LLC

WHEREAS, on November 23, 1994, the City Council of the City of Atlantic City adopted Resolution No. 889-1994 designating the entirety of the City of Atlantic City as an area in need of rehabilitation pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "Redevelopment Law"); and

WHEREAS, the City of Atlantic City Pilot law Senate Bill 1715, designates the entire City of Atlantic City as an area in need of redevelopment. The Statute provides that "consistent with the legislature acts with respect to other Garden State Growth Zones, a municipality which contains a tourism district as established pursuant to Section P.L. 2011, c.18 known as (C.5:12-219) and is regulated by the Casino Reinvestment Development Authority is hereby declared a blighted area and an area in need of redevelopment (emphasis supplied); and

WHEREAS, pursuant to Ordinance No. 42-2008, the Council, as the designated Redevelopment Entity as defined in the Redevelopment Law, adopted the Bader Field Redevelopment Plan, dated May 7, 2008 ("**Redevelopment Plan**"), which provides the overall plan for development of Block 794, Lot 1 on the tax maps of the City of Atlantic City containing approximately 142 acres (the "**Bader Field Site**"); and

WHEREAS, the City is the owner of the Bader Field Site and has determined that the Bader Field Site is currently not being utilized for its highest and best use; and

WHEREAS, the City Council of the of Atlantic City constitutes the Redevelopment Entity designated by the City pursuant to the Redevelopment Law and is empowered to designate redevelopers; and

WHEREAS, DEEM Enterprises, LLC has proposed to redevelop the Bader Field Site as a multi-use, multi-phase project which will include a racetrack, educational and training opportunities, office, retail, residential and public recreational components and is designed to be a zero carbon project utilizing what is believed to be the first hydrogen microgrid in United States, and will relocate the recreational facilities and fire station currently existing on the Bader Field Site, will provide for the construction of a new recreation center in the City, and will provide other amenities, features and benefits, all of the foregoing at DEEM's cost and expense; and

WHEREAS, DEEM has also indicated its intent to acquire additional lots outside of the Bader Field Site to further support the Proposed Redevelopment Project, which lots have not been evaluated for inclusion in the Redevelopment Plan, as it may be amended; and

WHEREAS, DEEM has presented itself as a potential redeveloper with the development experience and financial ability to undertake and complete the Proposed Redevelopment Project in a diligent and timely manner; and

WHEREAS, the complexity and scale of the Proposed Redevelopment Project necessitate that the City take significant time to determine, with the input of its professionals, whether the Proposed Redevelopment Project is not just feasible but will be beneficial to the residents of the City of Atlantic City; and

WHEREAS, while the proposed Redevelopment Project has the capability, if successful, of bringing significant revenue to the City, the City is not willing to enter into a Redevelopment Agreement with DEEM at this time, or commit to the Proposed Redevelopment Project, until thorough review and analysis has occurred and the public has had opportunity to comment on the Proposed Redevelopment Project; and

WHEREAS, the City, without any promises or commitment being made at this time, intends, upon the substantive completion of its review and vetting process, to make a formal determination whether a Redevelopment Agreement should be entered into with DEEM for the Proposed Redevelopment Project; and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Atlantic City in the County of Atlantic, State of New Jersey that:

1. The Solicitor's office is authorized to retain such experts and specialists as are required to advise the City in connection with the Proposed Redevelopment Project.

2. DEEM Enterprises, LLC shall pay the fees and costs of such experts and specialists retained by the City to review and vet the Proposed Redevelopment Project and, if the City determines it is appropriate, to negotiate a Redevelopment Agreement and pursuant to an escrow in the amount of $500,000 ("Escrow"), which shall be deposited with the City upon execution of the Escrow Agreement by DEEM, and shall be replenished as set forth in the Escrow Agreement.

3. The City shall, as part of its process to vet the Proposed Redevelopment Project, take appropriate action to confirm that, if a Redevelopment Agreement is executed, the sale of the Bader Field Site to DEEM Enterprises, LLC or its urban renewal entity assignee, can occur.

4. The Solicitor's office shall report regularly to City Council on the specifics and progress of the City's review and analysis of Proposed Redevelopment Project.

BE IT FURTHER RESOLVED that all resolutions of the City of Atlantic City which are inconsistent with the provisions of this Resolution are hereby repealed to the extent of such inconsistency.

BE IT FURTHER RESOLVED that this Resolution shall take effect upon its final approval in the time and manner prescribed by law.

Kc March 19, 2025

DO NOT USE SPACE BELOW THIS LINE

RECORD OF COUNCIL VOTE ON FINAL PASSAGE

COUNCIL MEMBER	AYE	NAY	N.V	A.B.	MOT.	SEC.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	MOT.	SEC.
BAILEY	X						LACCA	X					
CROUCH	X					X	MARSHALL	X					
DUNSTON	X						SHABAZZ	X				X	
KURTZ	X						TIBBITT	X					
							RANDOLPH, PRESIDENT	X					

X-Indicates Vote NV-Not Voting AB-Absent MOT-Motion SEC-Second

This is a Certified True copy of the Original Resolution on file in the City Clerk's Office.

DATE OF ADOPTION: MARCH 19, 2025

Paula Geletei

/s/ Paula Geletei, City Clerk