TRENK ISABEL
SIDDIQI &
SHAHDANIAN P.C.

MEMORANDUM

TO: Arthur R. Sypek, Esq.

FROM: Mark Y. Moon, Esq.; Richard D. Trenk, Esq.

DATE: October 6, 2026

RE: Lease of Municipal Facillity (Lawrence Neighborhood Center – Eggerts Crossing Road)

Analysis of Proposal Submitted by Lawrence Non-Profit Housing, Inc.

On or about June 23, 2026, the Township of Lawrence (the "Township") issued a Request for Proposal captioned: "Lease of Municipal Facility (Lawrence Neighborhood Center – Eggerst Crossing Road)" designated RFP # LT-2026-01" (the "RFP"). As set forth in the RFP, the purposed and intent of the procurement process was that:

> The Township of Lawrence ("Township") is requesting proposals from qualified nonprofit organizations to lease and operate a Township-owned facility formerly commonly known as "The Lawrence Neighborhood Center," located at 295 Eggerts Crossing Road, Lawrence Township, New Jersey. This facility was last occupied and used primarily by Homefront, Inc.

See Exhibit **"A,"** annexed hereto at *3 (Section 1.1). In describing the proposed contract structure, the RFP also explained that:

> The Township anticipates awarding one (1) lease agreement to the successful respondent. The Township further encourages the successful respondent to allow other non-profit groups or organizations that serve the community access and use of the building on agreeable days and times. However, in no event may any for-profit or non-profit group, organization, or entity use the facility as its primary and permanent office location or address. All subleases will be subject to Township approval. The successful respondent shall be required to appear at a regularly scheduled council meeting each year to provide a report on the program and

> operations at the facility, and as may be necessary. The anticipated lease term is five (5) years, with two (2) additional years of renewal.

Id. (Section 1.3). The RFP also provided prospective respondents to prepare and submit questions no later than June 30, 2026 which would be addressed via addendum to the RFP. Id. at *4 (Section 2.1).

Pursuant to this provision of the RFP, the Township received 29 questions and issued Addendum #2 to address these questions. See Exhibit **"B,"** annexed hereto. Specifically, Questions #5 asked:

> We understand that the Township previously provided approximately $100,000 per year to Homefront, Inc., in operational support. Is the Township prepared to continue to provide operational support to the selected lessee comparable to the approximately $100,000 per year provided to Homefront?

Id. (Question #5). The Township answered:

> **No.** This RFP is for the lease of the building to a non-profit, as detailed therein.

Id. (emphasis added)

On August 24, 2026 the Township received a single proposal in response to the RFP from an entity called Lawrence Non-Profit Housing, Inc. ("LNPH"). See Exhibit **"C,"** annexed hereto. In addressing the proposed rent in its proposal LNPH included to components which were not in conformance with the Township's RFP. First, while LNPH proposed a lease arrangement with the Township to begin "at the level of $1/year," LNPH stated that "[w]e are willing to renegotiate the rent level annualy, in consideration of program costs and generated income." Id. at *21. Thus, LNPH did not propose a firm rent proposal, but instead proposed a nominal rent with potential for renegotiated rent after the first year. Second, in addressing the costs for the implementation of its proposed programs at the municipal facility, LNPH stated that:

> We also suggest that the Township help support the operations of the Center at a level matching the amount invested by LNPH, which is estimated at $135,000 in year one and $110,000 in year two, plus continued payment of utilities costs.

Id. In addition, in providing its proposed Operating Budget for the municipal facility, LNPH provided that:

> The projected source of income for Year One would be $135,000 contributed each by LNPH and Lawrence Township . . .
>
> The projected source of income for Year Two would be $110,000 contributed each by LNPH and Lawrence Township . . .

Id. at 22. Thus, despite the Township's express response that it would not be continuting to provide financial support for the operational costs of programs at the facility, LNPH still incorporated both a $135,000 contribution in the first year of the lease and a $110,000 contribution in the second year of the lease in its proposed operating budget.

In the context of procurement and contracting by local public entities, such as municipalities, a contracting unit cannot waive a nonconforming bid proposal if that bid materially deviates from the bid specifications. Meadowbrook Carting Co. v. Borough of Island Heights, 138 N.J. 307, 315 (1994). The test to determine whether a defect is material requires two determinations:

> first, whether the effect of a waiver would be to deprive the municipality of its assurance that the contract will be entered into, performed and guaranteed according to its specified requirements, and
>
> second, whether it is of such a nature that its waiver would adversely affect competitive bidding by placing a bidder in a position of advantage over other bidders or by otherwise undermining the necessary common standard of competition.

Id. (quoting Township of River Vale v. R.J. Longo Construction Co., Inc., 127 N.J. Super. 207, 216 (Law Div. 1974)). As to the second prong of this analysis, the New Jersey Supreme Court has examined the type of defects which cannot be waived by a contracting entity.

> In sharp contrast, advertised conditions whose waiver is capable of becoming a vehicle for corruption or favoritism, or capable of encouraging improvidence or extravagance, or likely to affect the amount of any bid or to influence any potential bidder to refrain from bidding, or **which are capable of affecting the ability of the contracting unit to make bid comparisons**, are the kind of conditions which may not under any circumstances be waived.

Terminal Constr., Corp. v. Atlantic County Sewerage Authority, 67 N.J. 403, 412 (1975) (emphasis added); see also CFG Health Systems, LLC v. County of Hudson, 413 N.J. Super. 306, 315 (App. Div. 2010); In re Jasper Seating Company, 406 N.J. Super. 213, 223 (App. Div. 2009); Matter of Protest of Award of the On-Line Games Production and Operation Services Contract, 279 N.J. Super. 566, 594 (App. Div. 1995).

Here, in relying upon a proposal that was subject to renegotiation on an annual basis and relied upon financial contribution from the Township, LNPH's proposal contained material defects that both: (i) undermined the Township's assurance that it could perform under the proposed lease and (ii) adversely affected the competitive fairness of the procurement process by depriving the Township from being able to fairly compare proposals.

As to the first prong under the materiality analysis, LNPH's proposal deprived the Township assurance that is can perform under the proposed lease agreement as set forth in the RFP. Specifically, as LNPH's proposed operating budget is dependent upon financial contributions from the Township, there is no assurance that LNPH can perform under the terms of the proposed lease without the Township's financial contribution. In fact, despite the clear and unequivocal response that the Township would not be financially supporting the operation of programs at the

municipal facility, LNPH still based its operations assuming such contributions would be made undermining the language in its proposal that such contribution was merely suggested. Exhibit **"C"** at *21 ("We also suggest hat the Township help support the operations of the Center at a level matching the amount invested by LNPH.").

As to the second prong under the materiality analysis, LNPH's proposal makes it impossible to compare it to any other proposals which may have been submitted. Specifically, there is no rent proposed after the first year of the lease, because LNPH's proposal provides that rent would be subject to renegotiation on an annual basis. Thus with an unknown prospective rent figure, the Township has no means of comparing the proposed rent with other prospective respondents. In addition, LNPH's reliance upon contributed funds from the Township also make it impossible to evaluate the qualitive aspects of the proposed programs set forth in LNPH's proposal. As the Township has expressly stated that it will not make financial contributions to the operations of the proposed programs, the Township has no basis of evaluating programs which may never come to fruition withouth additional funds from the Township.

Therefore, under the materiality analysis set forth by the Supreme Court, LNPH's proposal in response to the Township's RFP is materially defective based on its deviation from the terms and requirements in the Township's RFP.