

PARK RIDGE TRANSIT URBAN RENEWAL, LLC

Tax Abatement Application to The Borough of Park Ridge

Submitted to: Robert Goldsmith, Esq.
Greenbaum Rowe Smith & Davis, LLP
99 Wood Avenue, South
Woodbridge, NJ

By: Donald M. Pepe, Esq.
On behalf of Park Ridge Transit Urban Renewal, LLC
c/o Scarinci Hollenbeck
One River Centre
331 Newman Springs Road
Building 3, Suite 310
Red Bank, NJ 07701-5692

Date: April _____, 2017

CERTIFIED APPLICATION TO THE BOROUGH OF PARK RIDGE
FOR LONG TERM TAX EXEMPTION
OF
PARK RIDGE TRANSIT URBAN RENEWAL, LLC

The Applicant herewith submits the following information in support of its application for a Long Term Tax Exemption pursuant to the Long Term Tax Exemption Law, N.J.S.A. §40:20-1 et seq.

“Applicant”:
Park Ridge Transit Urban Renewal, LLC
c/o Donald M. Pepe, Esq.
Scarinci Hollenbeck
One River Centre
331 Newman Springs Road
Building 3, Suite 310
Red Bank, New Jersey 07701-5692

“Property”:
Kinderkamack Road, Park Ridge, NJ 07656
Block 1801, Lots 3, 4 and 5
Block 1802, Lots 1, 2, 3, 4, 5, 6 and 7
Park Ridge, New Jersey

“Development”:
Park Ridge Transit Village

Applicant’s Attorney:
Donald M. Pepe, Esq.
Scarinci Hollenbeck
Once River Centre
331 Newman Springs Road
Building 3, Suite 310
Red Bank, New Jersey 07701-5692

LIST OF EXHIBITS

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APPLICATION

1. Identification of the Property:

The Property is located on Kinderkamack Road in Park Ridge, New Jersey and is identified on the Park Ridge Tax Maps Block 1801, Lots 3, 4 and 5, and Block 1802, Lots 1, 2, 3, 4, 5, 6 and 7. A survey of the land on which the Development is located is attached hereto as Exhibit A, a legal description of the Property is attached hereto as Exhibit A-1 and a copy of the Tax Map indicating the location of the Property is attached hereto as Exhibit A-2.

2. Deed:

A copy of the recorded deed for the Property with Park Ridge Transit, LLC as the grantee is attached hereto as Exhibit B. A deed transferring the Property from Park Ridge Transit, LLC to Park Ridge Transit Urban Renewal, LLC as the grantee, will be recorded upon approval of the present application.

3. Type of Development:

The Applicant proposes construction of a five story mixed use development (the "Development"), providing for approximately 17,000 sf of first-floor retail space. Above the first-floor and consisting of mostly one and two-bedroom units, there are 4 levels of residential apartments comprised of 216 market rate apartments with 24 affordable housing units mixed throughout. Ample, private, structured parking will be provided for the residents, retail patrons, and the public located internal to the building totaling 432 parking spaces, complying with local ordinances.

4. Type of Abatement Requested:

The Applicant is currently seeking a Long Term Tax Exemption based on the location of the Property within a designated area in need of redevelopment. The proposed Annual Service Charge is 10% of Annual Gross Revenue for the first ten (10) years commencing on the first such date after the date that a Certificate of Occupancy is issued for the Project. The Annual Service Charge shall increase as more fully set forth in Section 4.09 of the Financial Agreement. The complete calculation for the Annual Service Charge is set forth in Exhibit C. The term of the tax exemption being requested by the Applicant is thirty (30) years from the date of substantial completion of the Development.

5. Description of Improvements:

The Property is located within the NB-Neighborhood Business Zone. Block 1801 Lot 5, and Block 1802 Lots 6 and 7 are also within AH-3 Affordable Housing Overlay Zone. For further context, the Site Plans and associated architectural renderings for the Development are attached hereto as Exhibit D. The Site Plans

and associated architectural renderings are currently before the Planning Board for approval. The proposed Development of the Property includes 240 residential units comprised of 23 studios, 134 one bedroom and 59 two bedroom units with 10%, or 24 units designated as affordable to moderate income individuals; 17,000 square feet of retail space and 432 parking spaces of combined surface and structured parking.

A Description of Residential Leases and Good Faith Estimate of Initial Rents is attached as Exhibit E.

6. Estimated Total Cost of Development:

The estimated Total Project Cost for the Development is \$65,234,808 consisting entirely of building and related site improvement costs, soft costs, construction loan interest and construction loan costs as more fully set forth on Exhibit F, including an estimate of construction costs signed and sealed by Applicant's architect.

7. Annual Gross Revenue and Expenses:

A schedule of projected Annual Gross Revenue and Expenses is attached hereto as Exhibit G.

8. Construction Schedule :

Local and county planning board approvals are proposed to be obtained by June 30, 2017. Construction of the proposed Development is schedule to commence ninety (90) days after all non-appealable approvals and permits have been obtained for Phase I of the construction. Phase I of the construction is anticipated to be completed within two (2) years of startng. Phase II of the construction shall commence ninety (90) days after all non-appealable approvals and permits have been obtained for Phase II of the construction. Completion of the Phase II construction is anticipated to be complete within eighteen (18) months of starting. All completion dates are subject to modifications based on delays in issuing permits from local, state and federal governmental agencies. A copy of Applicant's proposed construction schedule is attached hereto as Exhibit H.

9. Redevelopment Plan Approval:

On May 10, 2016, the Borough of Park Ridge adopted Ordinance number 2016-0008 adopting a redevelopment plan establishing the development and construction standards within the Property. A copy of the Resolution is attached hereto as Exhibit I. The Borough of Park Ridge and the Applicant have prepared and entered into an agreement, dated December 27, 2016, setting forth the

redevelopment timeline and the manner in which the redevelopment would serve the best interests of the community.

10. Proof of Basis for Application:

With the submission and signing of this application, the Applicant certifies that the Development is located in the NB – Neighborhood Business Zone. Block 1801 Lot 5 and Block 1802 Lots 6 and 7 are also within the AH-3 Affordable Housing Overlay Zone. On September 5, 2015, the municipal council of the Borough of Park Ridge adopted Resolution Number 015-234 designating the Property as an area in need of redevelopment pursuant to the provision of the Redevelopment Law.

11. Current Tax Levy:

The current assessment and tax levy for the Property is as follows:

Property Address	Block	Lot	Total Assessed Value 2016	Paid in 2015	Paid in 2016
142 Kinderkamack	1802	1	\$435,400	\$10,898.06	\$11,355.23
140 Kinderkamack	1802	2	\$499,100	\$12,492.47	\$13,016.53
138 Kinderkamack	1802	3	\$370,600	\$9,276.12	\$9,665.25
136 Kinderkamack	1802	4	\$725,000	\$18,146.75	\$18,908.00
132 Kinderkamack	1802	5	\$833,300	\$20,857.50	\$21,732.46
87 Madison	1802	6	\$806,300	\$ 20,181.69	\$21,028.30
94 Perry	1802	7	\$567,100	\$ 14,194.51	\$14,789.97
146 Kinderkamack	1801	3	\$835,300	\$ 20,907.56	\$21,784.62
94 Berthoud St	1801	4	\$813,100	\$ 20,351.89	\$21,205.65
Perry Street	1801	5	\$639,000	\$ 15,994.17	\$16,665.12

12. Current Real Estate Tax Status:

All existing property taxes have been paid in full and current as of the date of this application. Certifications from the office of the Park Ridge Tax Collector are attached hereto as Exhibit J.

13. Ownership Disclosure Statement:

A fully executed statement regarding ownership of the Property and Project is attached hereto as Exhibit K.

14. Certification Regarding Construction:

Attached hereto as Exhibit L is Applicant's certification that construction of the Project has not commenced and will not commence until Applicant has received final approval on this Application and a mutually agreeable form of Financial Agreement has been executed.

15. Estimated Jobs to be created:

Based on the Applicant's past experience and the projected scope of work at the Development, it is anticipated that the Development will generate approximately 20 full-time equivalent jobs, and 20 part-time permanent jobs. The anticipated permanent jobs will consist of the following:

JOB DESCRIPTION/TITLE	ESTIMATED NUMBER OF POSITIONS
Senior Director of Operations	1
Director of Operations	1
Operations Manager	1
Leasing Specialist	3
Director of Maintenance	1
Maintenance Manager	1
Maintenance Technician	2
Groundskeeper/Porter	1
TOTAL	

16. Form of Financial Agreement:

Attached as Exhibit M is a proposed form of Financial Agreement between the Applicant and the Borough of Park Ridge.

17. Certificate of Formation:

Attached as Exhibit N is a copy of the Certificate of Formation as an Urban Renewal Entity for the Applicant.

18. Attached hereto as Exhibit O is a true and accurate copy of the Operating Agreement for Park Ridge Transit Urban Renewal, LLC.

Respectively submitted:

PARK RIDGE TRANSIT URBAN RENEWAL, LLC
a New Jersey Urban Renewal Entity

By: _____
Name: Mike DiBella
Title: Authorized Representative

EXHIBIT A
SURVEY OF PROPERTY

Address: The property is located at Kinderkamack Road, Park Ridge, New Jersey and identified on the Park Ridge Tax Maps as Block 1516, Lot 2; Block 1801, Lots 1, 2, 3, 4 and 5; Block 1802, Lots 1, 2, 3, 4, 5, 6 and 7. A Survey of the Property is attached hereto.

EXHIBIT A-1

Legal Description

EXHIBIT A-2

Tax Map Showing Location of Property

EXHIBIT B

Property Deed

EXHIBIT C

Calculation of Annual Service Charge

Total Annual Gross Rental Income (see Exhibit E)	\$ 6,892,218
Annual Payment in Lieu of Taxes (@10%)	\$ 689,221

EXHIBIT D

Site Plan and Architectural Renderings

EXHIBIT E

Description of Leases
Good Faith Estimate of Initial Rents

EXHIBIT F

Estimated Total Project Construction Cost

The undersigned has reviewed the above Estimated Total Project Cost Calculation and hereby certifies that the same is a reasonable estimate of the construction costs for the subject Project.

Signed and sealed this ____ day of _____, 2017

PARK RIDGE TRANSIT URBAN RENEWAL, LLC

By:
Name:

EXHIBIT G

Total Annual Gross Revenue Computation

EXHIBIT H

Construction Schedule

	Start	Finish
Construction Plans		June 30, 2017
Building Permits		June 30, 2017
Construction		
Certificate of Occupancy		
Lease-up Period		

DRAFT

EXHIBIT I

Ordinance

DRAFT

EXHIBIT J

Certification of Paid Taxes

DRAFT

EXHIBIT K

Ownership Disclosure

STATE OF NEW JERSEY)
COUNTY OF BERGEN)

Michael DiBella, of full age, being duly sworn to law on oath, deposes and says that deponent is a Member and Authorized Representative of PARK RIDGE TRANSIT URBAN RENEWAL, LLC, a New Jersey Urban Renewal Entity, the owner in fee of all that certain lot, piece of parcel of land situated, lying and being in the Borough of Park Ridge in Bergen County, known and designated as Block 1801, Lots 3, 4 and 5; Block 1802, Lots 1, 2, 3, 4, 5, 6 and 7 in Park Ridge, Bergen County, NJ.

I hereby certify that the list of owners included herein represents the name(s) and address(es) of all holders of interest in the PARK RIDGE TRANSIT URBAN RENEWAL, LLC, together with the interest of such owners in any other property in the Borough of Park Ridge or other financial agreement in force and effect with the Borough of Park Ridge, the name of the LLC associated with the project and address of the project. If one or more of the above is itself a corporation or partnership, the above represents the name(s), address(es) and percentage of all parties having an interest in said corporation.

Table with 5 columns: MEMBER, % INTEREST, ADDRESS, INTEREST IN OTHER ENTITIES/PROPERTY, OTHER FINANCIAL AGREEMENTS. Row 1: Michael DiBella, 100%, 144 Kinderkamack Road Park Ridge, New Jersey.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Date: _____, 2017

PARK RIDGE TRANSIT URBAN RENEWAL, LLC

By: _____
Name: Michael DiBella
Title: Sole Member

STATE OF NEW JERSEY :
COUNTY OF BERGEN :

On the ____ day of _____, 2017, before me personally came Michael DiBella, known to me (or satisfactorily proven) to be the person who signed his name to the within instrument in his capacity as the Sole Member of PARK RIDGE TRANSIT URBAN RENEWAL, LLC, the applicant, and that, being by me duly sworn, did depose and say that he was so authorized to, and did sign, said instrument on behalf of Park Ridge Transit Urban Renewal, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand.

DRAFT

EXHIBIT L

Certification Regarding Construction

The undersigned, on behalf of PARK RIDGE TRANSIT URBAN RENEWAL, LLC, hereby certifies that construction of the Project has not commenced and will not commence until Applicant has received final approval on its application for approval of long term tax abatement and a mutually agreeable form of Financial Agreement has been executed.

PARK RIDGE TRANSIT URBAN RENEWAL, LLC
A New Jersey Urban Renewal Entity

By: _____
Name _____
Title: Authorized Representative

STATE OF NEW JERSEY
COUNTY OF BERGEN

On the ___ day of _____, 2017, before me personally came _____, known to me (or satisfactorily proven) to be the person who signed his or her name to the within instrument in his capacity as the Managing Member of PARK RIDGE TRANSIT URBAN RENEWAL, LLC, and that, being by me duly sworn, did depose and say that he was so authorized to, and did sign, said instrument on behalf of applicant, Park Ridge Transit Urban Renewal, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand.

EXHIBIT M

Proposed Financial Agreement

Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
(New Market Rate Res Rental FA)

Re: _____
Block 1801, Lots 3, 4 and 5
Block 1802, Lots 1, 2, 3, 4, 5, 6 and 7

PREAMBLE

THIS FINANCIAL AGREEMENT (hereinafter “**Agreement**” or “**Financial Agreement**”), made this ____ day of _____, 2017, by and between **PARK RIDGE TRANSIT URBAN RENEWAL LLC**, a New Jersey limited liability company and an urban renewal entity qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1, et seq. (the “**Long Term Tax Exemption Law**”), with offices at P.O. Box 85, Park Ridge, New Jersey 07656 (the “**Entity**” or “**Park Transit**”) and the **BOROUGH OF PARK RIDGE**, a municipal corporation of the State of New Jersey in the County of Bergen with offices located at 53 Park Avenue, Park Ridge, New Jersey 07656 (the “**Borough**”, and together with the Entity, the “**Parties**”).

WITNESSETH:

WHEREAS, on September 5, 2015, the Borough adopted Resolution Number 015-234 designating the properties identified as Block 1516, Lot 2; Block 1801, Lots 1, 2, 3, 4, and 5; and Block 1802, Lots 1, 2, 3, 4, 5, 6, and 7 on the tax map of the Borough (the “**Redevelopment Area**”) as an “area in need of redevelopment” under the New Jersey Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “**Act**”); and

WHEREAS, on May 10, 2016, the Borough adopted Ordinance Number 2016-0008 approving and adopting a redevelopment plan for the Redevelopment Area, prepared by Brigette Bogart Planning and Design Professionals LLC and dated March 8, 2016 (the “**Redevelopment Plan**”); and

WHEREAS, on December 27, 2016, the Borough and Park Transit, LLC (“**Park Transit**”) entered into that certain redevelopment agreement (the “**Redevelopment Agreement**”), pursuant to which Park Transit agreed to redevelop a portion of the Redevelopment Area including, in part, the properties identified as Block 1801, Lots 3, 4 and 5; and Block 1802, Lots 1, 2, 3, 4, 5, 6 and 7 on the tax map of the Borough and an adjacent portion of Perry Street approximately 150 feet by 50 feet in size which is to be vacated by the Borough (collectively, the “**Project Area**” or “**Land**”); and

WHEREAS, Park Transit established the Entity pursuant to the Long Term Tax Exemption Law; and

WHEREAS, the Entity is or will be the owner of the Project Area, as more particularly described in Exhibit A annexed hereto; and

WHEREAS, the Entity proposes to redevelop the Project Area by constructing thereon a project consisting of: (i) approximately 240 residential units (the “**Residential Component**”) and, (ii) approximately 17,000 square feet of retail space (the “**Retail Component**”) and, (iii) approximately 430 structured parking spaces and surface parking spaces (collectively, the “**Project**”); and

WHEREAS, pursuant to and in accordance with the provisions of the Act and the Long Term Tax Exemption Law, the Borough is authorized to provide for a tax exemption within a redevelopment area and for payments in lieu of taxes; and

WHEREAS, in order to enhance the economic viability of and opportunity for a successful project, the Borough will enter into this Agreement with the Entity governing the payments made to the Borough in lieu of taxes on the Project pursuant to the Long Term Tax Exemption Law and the Act; and

WHEREAS, in accordance with the Long Term Tax Exemption Law, the Entity filed an application, which is incorporated herein by reference (the “**Application**”), with the Borough for approval of a long term tax exemption for the Improvements (as defined herein); and

WHEREAS, upon review of the Application and the Project, the Borough has made the following findings:

A. Relative Benefits of the Project:

(1) The Project will provide the Redevelopment Area, which is located in the downtown area of the Borough and is currently underutilized, with new housing and high-quality retail opportunities. These opportunities will generate revenue and create jobs. The Project is expected to produce approximately 120 full time equivalent construction jobs and approximately 20 permanent jobs.

(2) The Project will provide 24 affordable housing units.

(3) The Project will provide 60 reserved parking spaces for the public and no fewer than 40 unreserved public parking spaces, which will enable development of a community center (the “**Community Center**”) on a portion of a surface parking lot owned by the Borough and shown and designated as Block 1516, Lot 2 on the Tax Map of the Borough. The Community Center will provide much needed recreational opportunities for Borough residents; and

(4) The Redeveloper will provide a \$500,000 contribution toward the cost of the construction of the Community Center.

B. Assessment of the importance of the tax exemption in obtaining development of the Project and influencing the locational decisions of probable occupants:

The Entity is making a significant equity contribution toward the cost of the Project. In order to improve the economic viability of the development of the Project, the Borough has agreed to provide the tax exemption for the Project pursuant to this Agreement. The stability and predictability of the Annual Service Charge (as defined herein) will make the Project more competitive and assist the Entity to undertake the Project in the Borough.

WHEREAS, the Borough acknowledges that the Entity, by effectuating the redevelopment, will have significantly limited its profits in multiple respects by, among other things (1) demolition and removal of existing obsolete buildings; (2) undertaking investigation and remediation of potential environmental conditions; and (3) construction of structured parking, including, but not limited to, parking to be available for public parking. These improvements will provide significant and long term benefits to the Borough by the elimination of blight, at significant expense and risk to the Entity; and

WHEREAS, the Borough Council on _____, 201__ adopted an ordinance approving the Application and authorizing the execution of this Agreement (the “**Ordinance**”), a copy of which is attached hereto as **Exhibit B**; and

WHEREAS, in order to set forth the terms and conditions under which the Entity and the Borough shall carry out their respective obligations with respect to the payment of an annual service charge by the Entity, in lieu of real property taxes, the Parties have determined to execute this Financial Agreement.

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I
GENERAL PROVISIONS

Section 1.01 Governing Law. This Financial Agreement shall be governed by the provisions of (a) the Long Term Tax Exemption Law, the Act and such other statutes as may be the sources of relevant authority, and (b) the Ordinance. It is expressly understood and agreed that the Borough relies upon the facts, data, and representations contained in the Application in granting this tax exemption.

Section 1.02 General Definitions. The following terms shall have the meaning assigned to such term in the preambles hereof:

Act

Application

Agreement/Financial Agreement

Borough

<u>Entity</u>	<u>Project</u>	
<u>Land</u>	<u>Project Area</u>	
<u>Long Term Tax Exemption Law</u>	<u>Redevelopment Agreement</u>	
<u>Ordinance</u>	<u>Redevelopment Area</u>	
<u>Parties</u>	<u>Redevelopment</u>	<u>Plan</u>

Unless specifically provided otherwise or the context otherwise requires, the following terms when used in this Agreement shall mean:

Administrative Fee: As defined in Section 4.09.

Allowable Net Profit: The amount arrived at by applying the Allowable Profit Rate to the Total Project Cost pursuant to the provisions of N.J.S.A. 40A:20-3(b) and (c).

Allowable Profit Rate: The greater of twelve percent (12%) or the percentage per annum arrived at by adding one and one quarter percent (1.25%) to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of twelve percent (12%) or the percentage per annum arrived at by adding one and one quarter percent (1.25%) per annum to the interest rate per annum that the Borough determines to be the prevailing rate of mortgage financing on comparable improvements in the county. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

Annual Gross Revenue – As defined in N.J.S.A. 40A:20-3(a). The annual gross revenue shall include but not be limited to, all rental charges generated from tenants in the Project, and all application fees, and charges, pet fees, parking revenues and fees, floor or view premiums, health club fees and any other fees or charges charged to tenants or prospective tenants or parkers in the Project.

Annual Service Charge: The amount the Entity has agreed to pay the Borough pursuant to Article IV herein with respect to the Improvements (but not the Land), which: (a) Entity has agreed to pay in part for municipal services supplied to the Project, (b) is in lieu of any taxes on the Improvements pursuant to N.J.S.A. 40A:20-12, (c) shall be paid on the Annual Service Charge Payment Dates, and (d) shall be pro-rated in the year in which this Agreement begins and the year in which this Agreement terminates.

Annual Service Charge Payment Dates: February 1, May 1, August 1 and November 1 of each year commencing on the first such date after the date that a Certificate of Occupancy is issued for the Project and ending on the Termination Date.

Annual Service Charge Start Date: The first Annual Service Charge Payment Date.

Applicable Law: All federal, State and local laws, ordinances, approvals, rules, regulations and requirements applicable to the Project including, but not limited to, the Act, the Long Term Tax Exemption Law, relevant construction codes including construction codes governing access for people with disabilities, and such zoning, sanitary, pollution and other environmental safety ordinances, laws and such rules and regulations thereunder, including all applicable environmental laws.

Applicable Percentage: 10% for the first ten (10) years commencing on the Annual Service Charge Start Date, increasing to 11% on the 10th anniversary of the Annual Service Charge Start Date, and further increasing to 11.5% on the 20th anniversary of the Annual Service Charge Start Date for the remainder of the term of this Agreement.

Auditor's Report: An annual audited statement which clearly identifies the calculation of Net Profit as provided in N.J.S.A. 40A:20-3(c)(2). The contents of the Auditor's Report shall be prepared by a certified public accountant licensed to practice in the State, subject to the relevant provisions of Long Term Tax Exemption Law and this Agreement, in conformity with generally accepted accounting principles.

Certificate of Occupancy: A Certificate of Occupancy (temporary or permanent), as such term is defined in the New Jersey Administrative Code, issued with respect to the Project.

Chief Financial Officer: The Borough's chief financial officer.

Default: A breach or the failure to perform any obligation imposed by the terms of this Agreement, or under Applicable Law.

Effective Date: The date of this Agreement.

Improvements: All improvements on the Land comprising the Project.

In Rem Tax Foreclosure: A summary proceeding by which the Borough may enforce the lien for taxes due and owing by a tax sale in accordance with the Tax Sale Law.

Land Taxes: The amount of taxes assessed on the value of Land, on which the Project is located.

Land Tax Payments: Payments made on the quarterly due dates, including the applicable grace periods, if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector in accordance with Applicable Law.

Minimum Service Charge: An annual amount equal to the annual property taxes for the Property for the calendar year immediately preceding the Annual Service Charge Start Date.

Net Profit: The Annual Gross Revenue of the Entity less all operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles and the provisions of N.J.S.A. 40A:20-3(c). Without limiting the foregoing, included in expenses shall be an amount sufficient to amortize the Total Project Cost on a straight line basis, as well as all other expenses permitted under the provisions of N.J.S.A. 40A:20-3(c).

Notice: As defined in Section 15.01.

Property: The Land and the Improvements.

Security Arrangements: As defined in Section 8.02(a).

State: The State of New Jersey.

Tax Assessor: The Borough tax assessor.

Tax Collector: The Borough tax collector.

Tax Sale Law: The Tax Sale Law, N.J.S.A. 54:5-1 et seq., as the same may be amended or supplemented from time to time.

Termination Date: The earlier to occur of (i) the thirty-fifth (35th) anniversary of the Effective Date; (ii) the thirtieth (30th) anniversary date of the Annual Service Charge Start Date; or (iii) such other date as this Financial Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law.

Total Project Cost: The total cost of developing the Project as determined in accordance with N.J.S.A. 40A:20-3(h), as certified by a qualified architect or engineer and as permitted pursuant to N.J.S.A. 40A:20-3(h) and this Agreement.

Treasury: The New Jersey Department of Treasury.

Section 1.02 Interpretation and Construction. In this Financial Agreement, unless the context otherwise requires:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Financial Agreement, refer to this Financial Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of delivery of this Financial Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public or governmental bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Financial Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Financial Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless otherwise indicated, all approvals, consents and acceptances required to be given or made by any person or party hereunder shall not be unreasonably withheld, conditioned, or delayed.

(f) All Notices to be given hereunder and responses thereto shall be given, unless a certain number of days is specified, within a reasonable time, which shall not be less than ten (10) days nor more than twenty (20) days, unless the context dictates otherwise.

(g) This Financial Agreement shall become effective upon its execution and delivery by the Parties.

(h) All exhibits referred to in this Financial Agreement and attached hereto are incorporated herein and made part hereof.

ARTICLE II **APPROVAL**

Section 2.01 Approval of Tax Exemption. The Borough hereby grants its approval for a tax exemption for the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of Applicable Law, which Improvements shall be constructed and/or renovated on the Land.

Section 2.02 Approval of Entity. The Entity represents that its Certificate of Formation and Certificate of Authority as attached to the Application and as Exhibit C hereto and contain all the requisite provisions of law, have been reviewed and approved by the Commissioner of the Department of Community Affairs, and have been filed with, as appropriate, the Treasury, all in accordance with N.J.S.A. 40A:20-5.

Section 2.03 Improvements to be Constructed. The Entity represents that it will

construct the Project in accordance with the Redevelopment Agreement, the Redevelopment Plan and Applicable Law, the use of which is more specifically described in the Application.

Section 2.04 Ownership, Management and Control. The Entity represents that it is the owner or contract purchaser of the Land upon which the Improvements are to be constructed and which is the subject of this Agreement.

Section 2.05 Financial Plan. The Entity represents that the Improvements shall be financed in accordance with the financial plan attached to the Application and as Exhibit D hereto.

Section 2.06 Statement of Projected Revenues. The Entity represents that projected Annual Gross Revenue is set forth in the Application and Exhibit E attached hereto.

Section 2.07 Representations and Covenants Regarding Use, Management and Operations of the Project by the Entity. The Entity expressly covenants, warrants and represents that upon completion, the Project, including all Land and Improvements, shall be used, managed and operated for the purposes set forth in the Application, in accordance with the Redevelopment Agreement, Redevelopment Plan and all Applicable Laws. The Entity represents that the representations and covenants required under N.J.S.A. 40A:20-9 are set forth in the Application.

ARTICLE III **DURATION OF AGREEMENT**

Section 3.01 Term. It is understood and agreed by the Parties that this Agreement, including the obligation to pay the Annual Service Charge required under Article IV hereof and the tax exemption granted and referred to in Section 2.01 hereof, shall remain in effect until the Termination Date. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Land is owned by a corporation, association or other entity formed and operating under the Long Term Tax Exemption Law, except for permitted conveyances as stated in Sections 8.01 and 8.02 of this Financial Agreement. Upon the Termination Date, the tax exemption for the Improvements shall expire and same shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Borough. Upon the Termination Date, all restrictions and limitations upon the Entity shall terminate upon the Entity's rendering and the Borough's acceptance, of its final accounting pursuant to N.J.S.A. 40A:20-13, such acceptance not to be unreasonably withheld, conditioned or delayed.

Section 3.02 Date of Termination. The Termination Date shall be deemed to be the fiscal year end of the Entity.

ARTICLE IV
ANNUAL SERVICE CHARGE

Section 4.01 Annual Service Charge. Commencing upon the first such date after the date that a Certificate of Occupancy is issued for the Project, in consideration for the tax exemption, the Entity shall make payment to the Borough of an Annual Service Charge in an amount equal to the greater of (i) the Applicable Percentage of the Entity's Annual Gross Revenues, or (ii) the Minimum Service Charge; subject to adjustment as provided in Section 4.09.

Section 4.02 Consent of Entity to Annual Service Charge. The Entity hereby consents and agrees to the amount of Annual Service Charge and to the liens established in this Financial Agreement, and the Entity shall not contest the validity or amount of any such lien. Subject to the terms of this Agreement, the Entity's obligation to pay the Annual Service Charge shall be absolute and unconditional and shall not be subject to any defense, set-off, recoupment or counterclaim under any circumstances, including without limitation any loss of status of Entity as an "urban renewal entity" qualified under and as defined in the Long Term Tax Exemption Law. The Entity's remedies shall be limited to those specifically set forth herein and otherwise provided by law.

Section 4.03 Quarterly Installments. After the Annual Service Charge Start Date, the Entity agrees that payment of the Annual Service Charge shall be paid to the Borough on a quarterly basis on each Annual Service Charge Payment Date. In the event that Entity fails to timely pay any installment, the amount past due shall bear the highest rate of interest permitted under applicable State law and then being assessed by the Borough against other delinquent taxpayers in the case of unpaid taxes or tax liens until paid.

Section 4.04 Material Conditions. It is expressly agreed and understood that all payments of Land Taxes, Annual Service Charges and any interest payments, penalties or costs of collection due thereon, are material conditions of this Financial Agreement. If any other term, covenant or condition of this Financial Agreement or the Application, as to any person or circumstance shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Financial Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term, covenant or condition of this Financial Agreement shall be valid and enforced to the fullest extent permitted by Applicable Law.

Section 4.05 No Reduction in Payment of the Annual Service Charge. The Parties agree that neither the amounts nor dates established for payment of the Annual Service Charge, as provided in Section 4.01 hereof shall be reduced or amended or otherwise modified through any tax appeal on the Improvements or any other legal proceeding regarding the Project during the term of this Agreement.

Section 4.06 Service Charges as Municipal Lien. In accordance with the provisions of the Long Term Tax Exemption Law, upon recordation of this Financial Agreement and the Ordinance, any amount due and owing hereunder, including the Annual Service Charge shall be and constitute a continuous municipal lien on the Project.

Section 4.07 Security for Payment of Annual Service Charges. In order to secure the full and timely payment of the Annual Service Charges, the Borough reserves the right to prosecute an In Rem Tax Foreclosure action against the Property, as more fully set forth in this Agreement.

Section 4.08 Land Taxes. Land Taxes shall be assessed only on the Land portion of the Property without regard to any Improvements or increase in value to the Land because of the Improvements. The Borough agrees that it shall not impose an added assessment, omitted added assessment or similar assessment on the value of the Improvements from the date of this Agreement to the Annual Service Charge Start Date.

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity shall be entitled to a credit for the amount, without interest, of the Land Taxes paid on the Property in the last four preceding quarterly installments against the Annual Service Charge.

The Entity is obligated to make timely Land Tax Payments, subject to any grace period permitted by applicable law, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. No credit will be applied against the Annual Service Charge for partial payments of Land Taxes. In any year that the Entity fails to make any Land Tax Payments, beyond any notice and cure period, such delinquency shall render the Entity ineligible for any Land Tax credits against the Annual Service Charge for that year and such failure shall constitute a Default under this Agreement. In addition, the Borough shall have, among this remedy and other remedies, the right to proceed against the Property pursuant to the Tax Sale Law and/or may terminate this Agreement in a manner consistent with the Default provisions set for in Article XIII hereof.

Section 4.09 Schedule of Stage Adjustments to Annual Service Charge. Pursuant to N.J.S.A. 40A:20-12(b), the Annual Service Charge shall be adjusted as follows:

Stage One. Commencing on the Annual Service Charge Start Date through the sixth (6th) year of the Agreement, the Annual Service Charge shall be the amount established in accordance with Section 4.01 of this Agreement.

Stage Two. From the seventh year (7th) through the twelfth (12th) year of this Agreement, the Annual Service Charge shall be the amount established in accordance with Section 4.01 of this Agreement or 20% of the amount of the taxes otherwise due on the Land and Improvements, whichever is greater.

Stage Three. From the thirteenth (13th) year through the eighteenth (18th) year of this Agreement, the Annual Service Charge shall be the amount established in accordance with Section 4.01 of this Agreement or 40% of the amount of the taxes otherwise due on the Land and Improvements, whichever is greater.

Stage Four. From the nineteenth (19th) year through the twenty-fourth (24th) year of this Agreement, the Annual Service Charge shall be the amount established in accordance with Section 4.01 of this Agreement or 60% of the amount of the taxes otherwise due on the Land and Improvements, whichever is greater.

Fifth Stage. From the twenty-fifth (25th) year through the thirtieth (30th) year of this Agreement, the Annual Service Charge shall be the amount established in accordance with Section 4.01 of this Agreement or 80% of the amount of the taxes otherwise due on the Land and Improvements, whichever is greater.

Section 4.10 Administrative Fee. In addition to the Annual Service Charge, the Entity shall pay to the Borough an annual fee of two percent (2%) of the projected Annual Service Charge upon the Annual Service Charge Start Date and each anniversary thereafter prior to the Termination Date (the “**Administrative Fee**”).

In the event the Entity fails to pay the Administrative Fee when due and owing, the amount paid shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens in the Borough until paid.

Section 4.11 Remittance to County. The Borough shall remit to the County of Bergen five percent (5%) of the Annual Service Charge received each year from the Entity, pursuant to N.J.S.A. 40A:20-12(b)(2)(e).

ARTICLE V **CERTIFICATE OF OCCUPANCY**

Section 5.01 Filing of Certificate of Occupancy. It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of the Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the Borough, including, if appropriate, retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

ARTICLE VI **ANNUAL AUDITS**

Section 6.01 Accounting System. The Entity agrees to calculate its Net Profit

pursuant to N.J.S.A. 40A:20-3(c), which calculation shall be in accordance with generally accepted accounting principles, the provisions of this Agreement and the Long Term Tax Exemption Law.

Section 6.02 Periodic Reports.

(a) Auditor's Report: Within ninety (90) days after the close of each fiscal year during the term of the exemption pursuant to this Agreement, the Entity shall submit to the Mayor, Borough Council, the Tax Collector and the Borough Clerk, who shall advise those municipal officials required to be advised, and the State Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall clearly identify and calculate the Net Profit for the Entity during the previous year and shall include, but not be limited to, itemizations of operating and non-operating expenses, mortgage interest and terms, amortization of Improvements and such other computations of income, expense and other details as may relate to the financial status of the Entity. The Entity assumes all costs associated with preparation of the periodic reports. All such periodic reports shall remain confidential except as otherwise required by law.

(b) Disclosure Statement: Within ninety (90) days after each anniversary date of the execution of this Agreement, if there has been a change in the Entity's ownership from the prior year's filing, the Entity shall submit to the Borough Council, a disclosure statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each.

Section 6.03 Inspection. The Entity shall, upon request, permit the inspection of its property, equipment, buildings and other facilities of the Project and also permit, upon request, examination and audit of its books, contracts, records, documents and papers by representatives duly authorized by the Borough, and State Division of Local Government Services in the Department of Community Affairs pursuant to N.J.S.A. 40A:20-9(e). Such inspection shall be made upon seven (7) business days' written notice during the Entity's regular business hours, in the presence of an officer or agent designated by the Entity. To the extent reasonably possible, the inspection will not materially interfere with construction or operation of the Project.

ARTICLE VII
LIMITATION ON PROFITS AND RESERVES

Section 7.01 Limitation on Profits and Reserves. During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15. Pursuant to N.J.S.A. 40A:20-3(b)(c), this calculation is completed in accordance with generally accepted accounting principles, the provisions of this Agreement and Applicable Law.

The Entity shall have the right to establish a reserve against vacancies, unpaid

rentals, and reasonable contingencies in an amount up to ten percent (10%) of the Annual Gross Revenues of the Entity for the last full fiscal year and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. In no event shall any portion of the excess Net Profits be retained or contributed to such reserve if the amount of the reserve as of the end of such fiscal year equals or exceeds ten percent (10%) of the preceding year's Annual Gross Revenues. The reserve is to be noncumulative.

Section 7.02 Payment of Dividend and Excess Profit Charge. In the event the Net Profits of the Entity shall exceed the Allowable Net Profits for the period, taken as one accounting period, commencing on the Annual Service Charge Start Date and terminating at the end of the last full fiscal year, then the Entity, within one hundred (120) days after the end of that fiscal year, shall pay such excess Net Profits to the Borough as an additional service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned Section 7.01. The calculation of Net Profit and Allowable Net Profit shall be made in the manner required pursuant to N.J.S.A. 40A:20-3(b) and (c) and 40A:20-15 and this Agreement.

Section 7.03 Payment of Reserve/Excess Net Profit Upon Termination, Expiration or Sale. The Termination Date of this Agreement, or the date of sale or transfer of the Improvements shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the Borough the amount of the reserve, if any, maintained by it pursuant to Section 7.01 and the excess Net Profits, if any.

ARTICLE VIII

ASSIGNMENT AND/OR ASSUMPTION

Section 8.01 Restrictions on Transfer.

(a) Except as set forth in the following subsections, the Entity may not voluntarily transfer more than ten percent (10%) of the ownership of the Land or any portion thereof until it has first removed both itself and the Land from all restrictions imposed by the Long Term Tax Exemption Law, in the manner provided by the Long Term Tax Exemption Law. Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than ten percent (10%), is disclosed to the Council in the annual disclosure statement required pursuant to Section 6.02(b) of this Agreement or in correspondence sent to the Borough in advance of the annual disclosure.

(b) As permitted by N.J.S.A. 40A:20-10, it is understood and agreed that the Borough, on written application by the Entity, will not unreasonably withhold, condition or delay consent to a sale of the Land and the transfer of this Agreement provided that: (1) the transferee entity is formed and eligible to operate under the Long Term Tax Exemption Law; (2) the transferee entity does not own any other project subject to long

term tax exemption at the time of transfer; (3) the Entity is not then in Default of this Agreement or Applicable Law; and (4) the Entity's obligations under this Agreement are fully assumed by the transferee entity.

Section 8.02 Collateral Assignment. Notwithstanding the foregoing, it is expressly understood and agreed that the Entity has the right to encumber and/or assign the fee title to the Land and/or Improvements for purposes of (i) financing the design, development and construction of the Project and (ii) permanent mortgage financing.

(a) The Borough acknowledges that the Entity and/or its affiliates intend to obtain secured financing in connection with the acquisition, development and construction of the Project. The Borough agrees that the Entity and or its affiliates may assign, pledge, hypothecate or otherwise transfer its rights under this Agreement and/or its interest in the Project to one or more secured parties or any agents therefore (each, a "**Secured Party**" and collectively, the "**Secured Parties**") as security for obligations of the Entity, and/or its affiliates, incurred in connection with such secured financing (collectively, the "**Security Arrangements**"). The Entity shall give the Borough written Notice of any such Security Arrangements, together with the name and address of the Secured Party or Secured Parties. Failure to provide such Notice waives any requirement of the Borough hereunder to provide any Notice of Default or Notice of intent to enforce its remedies under this Agreement.

(b) Without limiting the generality of Article XIII hereof, if the Entity shall Default in any of its obligations hereunder, the Borough shall give Notice of such Default to the Secured Parties and the Borough agrees that, in the event such Default is not waived by the Borough or cured by the Entity, its assignee, designee or successor, within the period provided for herein, before exercising any remedy against the Entity hereunder, the Borough will provide the Secured Parties a reasonable period of time to cure such Default, but in any event not less than fifteen (15) days from the date of such notice to the Secured Parties with regard to a failure of the Entity to pay the Annual Service Charge or Land Taxes and ninety (90) days from the date the Entity was required to cure any other Default.

(c) In the absence of a Default by the Entity, the Borough agrees to consent to any collateral assignment by the Entity to any Secured Party or Secured Parties of its interests in this Agreement and to permit each Secured Party to enforce its rights hereunder and under the applicable Security Arrangement and shall, upon request of the Secured Party, execute such documents as are typically requested by secured parties to acknowledge such consent. This provision shall not be construed to limit the Borough's right to payment from the Entity, nor shall the priority of such payments be affected by the Secured Party exercising its rights under any applicable Security Arrangement.

(d) Notwithstanding anything to the contrary contained herein, and in addition to all other rights and remedies of Secured Parties set forth in this Agreement, the provisions of N.J.S.A. 55:17-1 – N.J.S.A. 55:17-11 shall apply to this Agreement to

protect the interests of any Secured Party.

ARTICLE IX WAIVER

Section 9.01. Waiver. Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the Borough or Entity of any rights and remedies provided by Applicable Law. Nothing herein shall be deemed to limit any right of recovery that the Borough or Entity has under law, in equity, or under any provision of this Financial Agreement.

ARTICLE X COMPLIANCE

Section 10.01 Statutes and Ordinances. The Entity hereby agrees at all times prior to the Termination Date to comply with the provisions of the Application and the Long Term Tax Exemption Law. The Entity's failure to comply with such statutes or ordinances shall constitute a Default under this Agreement and the Borough shall, among its other remedies, have the right to terminate this Agreement, subject to the Default procedure provisions of Article XIII herein.

ARTICLE XI CONSTRUCTION

Section 11.01 Construction. This Financial Agreement shall be construed and enforced in accordance with the laws of the State, and without regard to or aid or any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

ARTICLE XII INDEMNIFICATION

Section 12.01 Indemnification. It is understood and agreed that in the event the Borough shall be named as party defendant in any action brought against the Borough or Entity by allegation of any breach, Default or a violation by the Entity of any of the provisions of this Agreement and/or the provisions of Applicable Law or that any provision of this Agreement is in violation of Applicable Law, the Entity shall indemnify and hold the Borough harmless from and against all liability, losses, damages, demands, costs, claims, actions or expenses (including reasonable attorneys' fees and expenses) of every kind, character and nature arising out of or resulting from the action or inaction of Entity and/or by reason of any breach, Default or a violation by the Entity of any of the provisions of this Agreement and/or the provisions of Applicable Law, including without limitation, the Long Term Tax Exemption Law, except for any negligence or misconduct by the Borough or any of its officers, officials, employees or agents, and Entity shall

defend the suit at its own expense. Notwithstanding the foregoing, the Borough maintains the right to intervene as a party thereto, to which intervention Entity hereby consents, the expense thereof to be borne by Entity. To the extent practical and ethically permissible, the Entity's attorneys shall jointly defend and represent the interest of the Borough and the Entity as to all claims indemnified in connection with this Agreement.

ARTICLE XIII **DEFAULT AND REMEDIES**

Section 13.01 Cure Upon Default. Should the Entity be in Default, the Borough shall notify the Entity and any Secured Party in writing of said Default. Said notice shall set forth with particularity the basis of said Default. Except as provided in Section 8.02(b) hereof or otherwise limited by law, the Entity shall have sixty (60) days after it receives Notice to cure any Default (other than a Default in payment of any installment of the Annual Service Charge, which Default must be cured within fifteen (15) days after the Entity receives Notice). Curing the Default shall be the sole and exclusive remedy available to the Entity or the Secured Party, as applicable; provided, however, that if, in the reasonable opinion of the Borough, the Default cannot be cured within the applicable cure period using reasonable diligence, the time to cure may be extended upon written Notice for an additional ninety (90) day period of time.

Upon the expiration of the cure period, or any approved extension thereof, and providing that the Default is not cured, the Borough shall have the right to terminate this Agreement in accordance with Section 13.02 of this Agreement.

Section 13.02 Remedies Upon Default.

(a) In the event the Entity or a Secured Party fails to cure or remedy the Default within the time period provided in Sections 13.01 or 8.02(b), respectively, the Borough may terminate this Agreement upon written Notice to the Entity and the Secured Party.

(b) Upon any Default in payment of any installment of the Annual Service Charge not cured within the timeframes provided herein, the Borough in its sole discretion shall have the right to immediately exercise the following remedies: (1) terminate this Agreement, at which time: the Improvements on the Land shall be subject to conventional taxation; or (2) exercise any other remedy available to the Borough in law or equity. The Borough as a courtesy will give Entity and any Secured Party Notice of the intention to exercise its remedies.

(c) No Default hereunder by the Entity shall terminate the tax exemption (except as described herein and after Notice and cure as provided for herein) or the Entity's obligation to make Annual Service Charges, which shall continue in effect for the duration of the term hereof and subject to Section 13.03 hereinafter.

(d) All of the remedies provided in this Agreement to the Borough, and all rights and remedies granted by law and equity shall be cumulative and concurrent and no determination of the invalidity of any provision of this Agreement shall deprive the Borough of any of its remedies or actions against the Entity because of the Entity's failure to pay Land Taxes, the Annual Service Charge and/or any applicable water and sewer charges and interest payments. This right shall only apply to arrearages that are due and owing at the time, and the bringing of any action for Land Taxes, Annual Service Charges or other charges, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes, Annual Service Charges or other charges shall not be construed as a waiver of the right to proceed with an In Rem Tax Foreclosure action consistent with the terms and provisions of this Agreement.

Section 13.03 Final Accounting. Within ninety (90) days after the Termination Date, the Entity shall provide a final accounting and pay to the Borough the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and -15 as well as any excess Net Profits. For purposes of rendering a final accounting, the Termination Date of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 13.04 Conventional Taxes. Upon the Termination Date, the tax exemption for the Project shall expire and the Land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the Borough.

Section 13.04 Termination by Entity. The Entity shall be entitled to terminate this Agreement at any time following the First Annual Service Charge Payment Date.

ARTICLE XIV **DISPUTE RESOLUTION**

Section 14.01 Dispute Resolution. In the event of a breach of this Agreement by any of the Parties or a dispute arising between the Parties in reference to the terms and provisions as set forth herein, then the Parties shall submit the dispute to mediation. The Parties agree that the mediation will be before a retired judge of the Superior Court of New Jersey agreed upon by the parties within 10 days after request by either Party upon occurrence of a dispute, or if the parties fail to so agree, a retired judge of the Superior Court appointed by the Assignment Judge of Bergen County upon application of either Party. The Parties agree to engage in good faith in the mediation effort to seek resolution of the disagreement. The good faith obligation shall require, as a condition precedent to commencement of any arbitration other than one seeking emergent relief, participation of up to six (6) hours at a mediation session conducted by the Mediator at a time and place fixed by the Mediator, all to occur within 30 days after appointment of the Mediator. The parties further agree that the mediation procedure is voluntary and non-binding (beyond good faith obligation described in the previous sentence). Following good faith participation, either party may at any time terminate the mediation proceeding with or without cause. The Mediator shall also have the right to terminate the mediation if the

Mediator shall determine that the efforts to reach a settlement are likely to be futile. The parties agree to share the burden of the Mediator's compensation equally and each agrees to pay its share pursuant to the Mediator's invoice to be rendered at completion or termination of the mediation process. To the extent not expressly modified by provisions of this article, the American Arbitration Association Mediation Rules are incorporated herein and as a part of this Article shall govern the parties and the Mediator in the conduct of the mediation proceeding. Except in cases of where emergent injunctive relief is required, the resort by a party to any arbitration for relief pertaining to this Agreement before completion of good faith participation in the mediation process called for herein shall constitute an immediate and material breach of this Agreement by such party.

If a dispute is not resolved by mediation as provided above, or requires injunctive emergent relief, the Parties agree that the matter shall be submitted to an arbitrator mutually selected and agreed to by the Parties. If the Parties cannot agree upon an arbitrator, then each Party shall select an arbitrator, who in turn will mutually select a third arbitrator. The arbitrator retained to resolve the dispute shall abide by the rules and regulations of arbitration as set forth and/or followed by the American Arbitration Association in the State of New Jersey in such a fashion to accomplish the purpose of said laws. Costs for said arbitration shall be paid by the non-prevailing Party. The demand for arbitration shall be filed in writing and shall be made within a reasonable time after a dispute or breach occurs. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

ARTICLE XV **NOTICE**

Section 15.01 Notice. Formal notices, demands and communications between the Borough and Entity shall be deemed given if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, or by a commercial overnight delivery service with packaging tracking capability and for which proof of delivery is available ("**Notice**"). In that case such Notice is deemed effective upon delivery. Such written Notices may be sent in the same manner to such other addresses as either party may from time to time designate by written notice. Notice given by counsel to a party in accordance with this Section 15.01 shall be effective for all purposes hereunder. Copies of all notices, demands and communications shall be sent as follows:

If to the Borough:

Borough of Park Ridge
53 Park Avenue
Park Ridge, New Jersey 07656
Attn: Borough Clerk

with a copy to:

Greenbaum, Rowe, Smith & Davis LLP
99 Wood Avenue South
Iselin, New Jersey 08830
ATTN: Robert S. Goldsmith, Esq.

If to Entity:

Park Ridge Transit Urban Renewal LLC
P.O. Box 86
Park Ridge, New Jersey 07656
Attn:

With copy to:

Patrick McNamara, Esq.
Scarinci Hollenbeck
331 Newman Springs Rd.
Building 3, Suite 301
Red Bank, NJ 07701

ARTICLE XVI
MISCELLANEOUS

Section 16.01 Conflict. The Parties agree that in the event of a conflict between the Application and this Financial Agreement, the language in this Financial Agreement shall govern and prevail.

Section 16.02 Oral Representations. There have been no oral representations made by either of the Parties which are not contained in this Financial Agreement. This Financial Agreement, the Ordinance and the Application constitute the entire agreement between the Parties and there shall be no modifications thereto other than by a written instrument executed by the Parties and delivered to each of them.

Section 16.03 Entire Document. All conditions in the Ordinance are incorporated in this Agreement and made a part hereof. This Agreement, with all attachments and exhibits, the Ordinance and the Application shall constitute the entire agreement between the Parties, shall be incorporated herein by reference thereto and there shall be no modifications thereto other than by a written instrument approved and executed by and delivered to each Party. All prior agreements and understandings, if any, are superseded.

Section 16.04 Good Faith. In their dealings with each other, the Parties agree that they shall act in good faith.

Section 16.05 Recording. This entire Agreement will be filed and recorded with

the Bergen County Clerk by the Entity at the Entity's expense. Upon Termination of this Agreement, the parties shall execute and record an instrument discharging this Agreement of record in form reasonably satisfactory to the parties.

Section 16.06 Municipal Services. The Entity and/or its successors (including without limitation any owner's or similar association) will be responsible to provide and/or pay for the following services:

(a) Water & Sewer – The Entity shall make payments for water and sewer charges and any other services that create a lien on the Property superior to the lien for the Land Taxes and Annual Service Charge, as required by law.

(b) Waste and Refuse Disposal – Collection and disposition of all solid waste, refuse and recyclables emanating from the Project, shall be the responsibility of the Entity to have picked up and disposed of by a licensed collector, hauler or scavenger, at the Entity's cost and expense. The Borough may establish regulations for the collection and for the storage and recycling of solid waste, discarded or old newspaper and/or other recyclables; compliance therewith shall be by and at the sole expense of the Entity.

Section 16.07 Counterparts. This Agreement may be simultaneously executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16.08 Financing Matters. The financial information required by the final paragraph of N.J.S.A. 40A:20-9 is set forth in the Application.

Section 16.09 Amendments. This Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Parties hereto.

Section 16.10 Certification. The Borough Clerk shall certify to the Tax Assessor, pursuant to N.J.S.A. 40A:20-12, that a Financial Agreement with an urban renewal entity, i.e., the Entity, for the development of the Project, has been entered into and is in effect as required by the Long Term Tax Exemption Law. Delivery by the Borough Clerk to the Tax Assessor of a certified copy of the Ordinance and this Financial Agreement shall constitute the required certification. Upon certification as required hereunder and upon the Annual Service Charge Start Date, the Tax Assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of this Financial Agreement or until the Tax Assessor has been duly notified by the Borough Clerk that the exemption has been terminated.

Further, upon the adoption of this Financial Agreement, a certified copy of the Ordinance and this Financial Agreement shall forthwith be transmitted to the Director of the Division of Local Government Services by the Borough Clerk.

Section 16.11 Conditions Precedent.

This Agreement is expressly subject to the satisfaction by the Entity or the Borough of the following conditions precedent:

(a) Receipt by the Entity of all federal, State, county and municipal approvals required for the construction of the Project.

Section 16.12 Construction. This Agreement shall be construed and enforced in accordance with the laws of the State, and without regard to or aid of any presumption or other rule requiring construction against the Party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

DRAFT

IN WITNESS WHEREOF, the Parties have caused this Financial Agreement to be executed as of the day and year first above written.

ATTEST:

BOROUGH OF PARK RIDGE

Kelley O'Donnell
Borough Clerk

By: _____
Terry Maguire
Mayor

By: _____
Managing Member

DRAFT

STATE OF NEW JERSEY

COUNTY OF BERGEN

I CERTIFY that on _____, 2017, TERRY MAGUIRE personally appeared before me and this person acknowledged under oath, to my satisfaction, that this person:

(a) signed the attached instrument as Mayor of the Borough of Park Ridge in the County of Bergen, State of New Jersey, named in this instrument; and

(b) is authorized to execute the attached instrument on behalf of the Borough of Park Ridge; and

(c) executed the attached instrument as the act of the Borough of Park Ridge.

Notary Public

STATE OF NEW JERSEY

COUNTY OF _____

I CERTIFY that on this ____ day of _____, 2017, personally appeared before me _____ who I am satisfied is the individual who executed this instrument and, who being duly sworn by me, did depose and say that:

- a. he is the Managing Member of _____, a New Jersey limited liability company; and
- b. he is authorized to execute the attached instrument on behalf of _____; and
- c. he executed this instrument as the act of _____.

Notary Public

Commission Expiration: _____

EXHIBITS

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

- A. Metes and Bounds description of the Land
- B. Ordinance approving PILOT
- C. Certificate of Formation
- D. Financial Plan
- E. Projected Gross Revenues

DRAFT

EXHIBIT A

METES AND BOUNDS DESCRIPTION OF THE LAND

DRAFT

EXHIBIT B
ORDINANCE

DRAFT

Exhibit C

CERTIFICATE OF FORMATION

DRAFT

Exhibit D

FINANCIAL PLAN

DRAFT

Exhibit E

PROJECTED GROSS REVENUES

DRAFT

EXHIBIT N

Certificate of Formation

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EXHIBIT O
Operating Agreement

4821-5407-1871, v. 1

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