

**FINANCIAL AGREEMENT FOR
LONG TERM TAX EXEMPTION**
N.J.S.A. 40A:20-1 et seq.

by and between

BOROUGH OF HILLSDALE

and

PATTERSON STREET URBAN RENEWAL, LLC

Dated: August 10, 2022

FINANCIAL AGREEMENT

THIS FINANCIAL AGREEMENT (hereinafter this “**Agreement**” or “**Financial Agreement**”) is made this 10th day of August, 2022 (the “**Effective Date**”) by and between **PATTERSON STREET URBAN RENEWAL, LLC** (as further defined herein, the “**Entity**”), 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, *N.J.S.A. 40A:20-1 et seq.*, as amended and supplemented (the “**Exemption Law**”), with offices at 32 Mount Kemble Avenue, Morristown, New Jersey 07960, and the **BOROUGH OF HILLSDALE**, a municipal corporation of the State of New Jersey, having an address at 380 Hillsdale Avenue, Hillsdale, New Jersey 07642 (the “**Borough**”; together with the Entity, the “**Parties**”; each, a “**Party**”).

W I T N E S S E T H :

WHEREAS, in accordance with the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended from time to time (the “**Redevelopment Law**”), by Resolution #19225 adopted on September 10, 2019, the municipal council of the Borough (“**Governing Body**”) designated certain properties within the Borough, including but not limited to the parcels identified as Block 1210, Lots 10 and 11, and Block 1211, Lots 1 and 2, commonly known as 131 Patterson Street, 77 Brookside Place, 145 Patterson Street and 60 Brookside Place, and more particularly described in **Exhibit A** attached hereto (the “**Land**”), as an “area in need of redevelopment” without the power of eminent domain (the “**Redevelopment Area**”); and

WHEREAS, in accordance with the Redevelopment Law, by Ordinance No. 20-15 adopted on December 8, 2020, the Borough adopted a redevelopment plan for the Redevelopment Area on the basis of its designation as an area in need of redevelopment entitled the “Hillsdale-Patterson Street Redevelopment Plan” (as may be amended from time to time, the “**Redevelopment Plan**”); and

WHEREAS, the Entity proposes to undertake a project within the Redevelopment Area consisting of a three (3) and four (4) story complex containing approximately 255 residential rental units, of which twenty (20) units shall be made available as affordable housing units, a wrapped parking garage with approximately four hundred (400) parking spaces, tenant amenities such as courtyard space and a pool, ground floor makerspace/co-working space, community center and a public park on the corner of Patterson Street and Piermont Avenue, together with certain related on-site and off-site improvements, consistent with the Redevelopment Plan (collectively, the “**Project**”); and

WHEREAS, the Borough and an Affiliate of the Entity have entered into that certain Redevelopment Agreement dated August 10, 2022 (the “**Redevelopment Agreement**”), approved on August 9, 2022 by Resolution #22165 of the Governing Body, to effectuate the redevelopment of the Redevelopment Area and specify the respective rights and responsibilities of the Parties with respect to the Project; and

WHEREAS, the Entity has submitted an application to the Borough for the approval of a long-term tax exemption (the “**Long Term Tax Exemption**”) for the Project pursuant to the Exemption Law, which application is attached hereto as **Exhibit B** (the “**Application**”); and

WHEREAS, on July 12, 2022, the Mayor of the Borough recommended to the Governing Body that the Application be approved, provided that all legal prerequisites are met; and

WHEREAS, on August 9, 2022, by Ordinance No. 22-13 (the “**Ordinance**”), the Governing Body approved the Application, subject to the terms and conditions of this Financial Agreement and authorized the execution of this Financial Agreement; and

WHEREAS, pursuant to this Financial Agreement, the Borough and the Entity desire to set forth in detail their mutual rights and obligations with respect to the Long Term Tax Exemption; and

WHEREAS, the Governing Body has reviewed the Application and has made the following findings:

A. **Benefits of Project v. Costs.**

i. The development and construction of the Project, as set forth in the Redevelopment Agreement and Redevelopment Plan, will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Redevelopment Area and will enhance the economic development of the Borough.

ii. It is anticipated that the development of the Project will create approximately 400 full-time equivalent construction jobs over the duration of the construction of the Project, as well as approximately 2 full-time permanent jobs in connection with the operation of the Project.

iii. Pursuant to this Financial Agreement, the Project is projected to generate revenue for the Borough in the first year well in excess of the municipal revenue generated by *ad valorem* taxes in 2021. The benefits to the Borough accruing as a result of the Project, including the generation of jobs, the revitalization of the Redevelopment Area, the environmental remediation of the Land, and the generation of municipal revenues, will substantially outweigh any incremental costs to the Borough resulting from the Long Term Tax Exemption granted herein.

B. **Importance of Long Term Tax Exemption.**

The Governing Body’s approval of the Long Term Tax Exemption set forth herein is essential to the success of the Project because:

i. The relative stability and predictability of the Annual Service Charge (as defined below) associated with the Project will make it more attractive to financial institutions whose participation is necessary in order to finance the Project.

ii. The relative stability and predictability of the Annual Service Charge will allow the Entity to provide a high level of maintenance for the Redevelopment Area and will have a positive impact on the surrounding area and community.

iii. The financial benefit conferred by the Long Term Tax Exemption is a critical incentive for the Entity to undertake the Project due to the extraordinary costs associated with the development of the Project. In light of market conditions and other economic factors impacting this Project, it is not financially feasible to undertake the development of this Project in the absence of the tax exemption. For this reason it is critical for the Entity that it receives the Long Term Tax Exemption as it would not be able to raise the debt and equity required to locate its business in the Borough without this exemption.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement mutually covenant and agree as follows:

ARTICLE I **GENERAL PROVISIONS**

Section 1.1 Governing Law

This Financial Agreement shall be governed by the provisions of the Exemption Law, the Redevelopment Law, the Ordinance, and all other Applicable Laws, as defined below. It is expressly understood and agreed that the Borough has relied upon the facts, data, and representations contained in the Application in granting the Long Term Tax Exemption and the Application is hereby incorporated into this Financial Agreement by reference.

Section 1.2 General Definitions and Construction

The recitals and exhibits to this Agreement are hereby incorporated by reference herein as if set forth at length. Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms and phrases shall have the following respective meanings:

- a. **Affiliate** – With respect to any person or entity, any other person or entity directly or indirectly Controlling or Controlled by, or under direct common Control with, such person or entity.
- b. **Agreement or Financial Agreement** – Shall have the meaning specified in the preamble hereof.
- c. **Allowable Net Profit** (also referred to as “ANP”) – The amount arrived at by applying the Allowable Profit Rate to Total Project Cost pursuant to the provisions of *N.J.S.A. 40A:20-3*.

- d. **Allowable Profit Rate (also referred to as the “APR”)** – 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 for the Project. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, 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 APR shall be the greater of twelve (12%) percent or the percentage per annum arrived at by adding one and one-quarter (1.25%) percent to the prevailing per annum interest rate on mortgage financing on comparable improvements within Bergen County. The provisions of *N.J.S.A. 40A:20-3(b)* are incorporated herein by reference.
- e. **Annual Administrative Fee** – Shall have the meaning specified in Section 4.9 hereof.
- f. **Annual Gross Revenue (also referred to as the “AGR”)** – Annual gross revenue for the Project, as determined pursuant to the Exemption Law and the terms of this Financial Agreement. Annual Gross Revenue shall exclude, without limitation, any gain realized by the Entity on the sale of the Project, the proceeds of any condemnation or casualty awards, insurance proceeds, proceeds of any financing or refinancing, any reimbursement by the Entity or any Affiliate of the Entity for site development costs allocable to an Affiliate, and the disposition of a partner or partner’s equity interest in the Entity.
- g. **Annual Service Charge (also referred to as the “ASC”)** – The total annual amount that the Entity has agreed to pay the Borough for municipal services supplied to the Project, which sum is in lieu of any taxes on the Land and the Improvements pursuant to the Exemption Law, which amount shall be prorated in the year in which the Annual Service Charge begins and the year in which the Annual Service Charge terminates. The Annual Service Charge shall be calculated pursuant to Article IV hereof.
- h. **Annual Audited Statement** – Shall mean a complete financial statement outlining the financial status of the Project, which shall also include a computation of Net Profit, Allowable Net Profit, and Annual Gross Revenue, prepared annually by the Entity’s certified public accountant. The contents of each Annual Audited Statement shall be prepared in conformity with Generally Accepted Accounting Principles, the Exemption Law, and this Financial Agreement.
- i. **Applicable Law** – Shall mean any and all federal, state and local laws, rules, regulations, rulings, court orders, statutes and ordinances applicable to the Project, the Redevelopment Area and the Long Term Tax Exemption.
- j. **Application** – Shall have the meaning specified in the recitals of this Financial Agreement.
- k. **ASC Commencement Date** – The first day of the month immediately following the Substantial Completion of any portion of the Project.
- l. **Borough** – Shall have the meaning specified in the preamble of this Financial Agreement.

- m. **Certificate of Occupancy** – A temporary or permanent certificate of occupancy issued by the appropriate Borough official, pursuant to *N.J.S.A. 52:27D-133*.
- n. **Control** – As used with respect to any person or entity, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and operation of such person or entity, whether through the ownership of voting securities or by contract or other written agreements. The entity or individual(s) with the right to direct or cause the direction of the management and operation of the managing member of the Entity shall be deemed to have Control of the Entity.
- o. **Days** – Whenever the word “Days” is used to denote time, it shall mean calendar days.
- p. **Debt Service** – The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of the Long Term Tax Exemption granted by this Financial Agreement.
- q. **Default** – A breach or failure of the Borough or the Entity to perform any obligation imposed by the terms of this Financial Agreement, or under the Exemption Law, beyond any applicable grace or cure periods set forth in this Financial Agreement. In addition, for any time period prior to the issuance of the Phase 1 Certificate of Completion (as defined in the Redevelopment Agreement), if the Redevelopment Agreement has been terminated in accordance with its terms due to an Event of Default by the Redeveloper thereunder, this Financial Agreement shall also automatically terminate; provided, further that following the commencement of construction of the Project, no Event of Default under the Redevelopment Agreement with respect to the Phase 2 Project (as defined in the Redevelopment Agreement) shall constitute a Default hereunder or give rise to any basis to terminate this Financial Agreement.
- r. **Effective Date** – The date that this Agreement has been executed by both Parties.
- s. **Entity** – Shall mean the entity specified in the preamble of this Financial Agreement, which shall be qualified as an urban renewal entity under the Exemption Law. Unless the context provides otherwise, it shall also include any permitted Transferee, which shall also be qualified as an urban renewal entity under the Exemption Law as set forth in Section 8.1 hereof.
- t. **Excess Net Profits** – The amount of Net Profits that exceeds the Allowable Net Profits (ANP) for the applicable accounting period as determined in accordance with the Exemption Law.
- u. **Exemption Law** – Shall have the meaning specified in the preamble of this Financial Agreement.

- v. **Governing Body** – Shall have the meaning specified in the recitals of this Financial Agreement.
- w. **Improvements** – Any building, structure or fixture comprising the Project which is permanently affixed to the Land to be constructed and exempt under this Agreement.
- x. **Land** – Shall have the meaning specified in the recitals of this Financial Agreement, provided that the Land shall also include a portion of Brookfield Place to be vacated by the Borough and, upon such vacation, the description of the Land attached hereto as Exhibit A shall be updated by the Parties to incorporate such vacated area. No further official action of the Borough shall be required to update Exhibit A following such vacation.
- y. **Land Taxes** – The amount of any real estate taxes levied on the Land, exclusive of any Improvements related thereto.
- z. **Long Term Tax Exemption** – Shall have the meaning specified in the recitals of this Financial Agreement.
- aa. **Minimum Annual Service Charge** – The amount of the total taxes levied against the Land in the last full tax year in which the Land was subject to taxation, or Five Hundred Thousand Dollars (\$500,000.00), whichever is greater. The Minimum Annual Service Charge shall be prorated in the year in which the ASC Commencement Date occurs and the year in which the Termination Date occurs.
- bb. **Net Profit** – Annual Gross Revenue (AGR) less all operating and non-operating expenses and costs of the Entity, all determined in accordance with Generally Accepted Accounting Principles and the provisions of *N.J.S.A. 40A:20-3(c)*, but: (1) there shall be included in expenses: (a) all Annual Service Charges paid pursuant to *N.J.S.A. 40A:20-12*; (b) all payments to the municipality of excess profits pursuant to *N.J.S.A. 40A:20-15* or *N.J.S.A. 40A:20-16*; (c) an annual amount sufficient to amortize the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits, over the term of the abatement as set forth in this Financial Agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of Excess Profits, including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies, and payments into repair or maintenance reserve accounts; (e) all payments of rent including, but not limited to, ground rent by the Entity (if applicable); (f) all Debt Service; and (2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of Debt Service, income taxes, or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the Entity, or officers, partners or other persons holding any proprietary ownership interest in the Entity.
- cc. **Ordinance** – Shall have the meaning specified in the recitals of this Financial Agreement.

- dd. **Party or Parties** – Shall have the meaning specified in the preamble of this Financial Agreement.
- ee. **Payment Default** – The nonpayment or late payment by the Entity of all or a portion of Land Taxes, the Administrative Fee, Annual Service Charge or Minimum Annual Service Charge.
- ff. **Project** – Shall have the meaning specified in the recitals of this Financial Agreement.
- gg. **Redevelopment Agreement** – Shall have the meaning specified in the recitals of this Financial Agreement.
- hh. **Redevelopment Area** – Shall have the meaning specified in the recitals of this Financial Agreement.
- ii. **Redevelopment Law** – Shall have the meaning defined in the recitals of this Financial Agreement.
- jj. **Redevelopment Plan** – Shall have the meaning defined in the recitals of this Financial Agreement.
- kk. **Reserve** – Shall have the meaning defined in Section 6.2 of this Financial Agreement.
- ll. **Secured Party or Secured Parties** – Shall have the meaning defined in Section 8.3(a) of this Financial Agreement.
- mm. **Security Arrangements** – Shall have the meaning defined in Section 8.3(a) of this Financial Agreement.
- nn. **Substantial Completion** – The determination by the Borough construction official that the Project, in whole or in part, is ready for the use intended, which shall mean the date on which the Project receives, or is eligible to receive, any Certificate of Occupancy for any portion of the Project.
- oo. **Tax Assessor** – The Borough tax assessor.
- pp. **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 ASC Commencement Date; or (iii) such other date as this Financial Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law.
- qq. **Total Project Cost** – Shall be as calculated in accordance with Section 3(h) of the Exemption Law.
- rr. **Transferee** – Shall have the meaning specified in Section 8.1 of this Financial Agreement.

Section 1.3 Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

A. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of delivery of this 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 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 Agreement, nor shall they affect its meaning, construction or effect. All references to articles, sections or exhibits in this Agreement shall, unless indicated otherwise, refer to the articles, sections or exhibits in this Agreement.

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

ARTICLE II **PROJECT AND PROPERTY**

Section 2.1 Borough’s Findings

Pursuant to the Exemption Law, the Borough finds that the Long Term Tax Exemption granted pursuant to this Financial Agreement will benefit the Borough and the community by assuring the success of the redevelopment of the Redevelopment Area, which exhibits the statutorily recognized redevelopment criteria. The development and construction of the Project, as set forth in the Redevelopment Agreement and Redevelopment Plan, will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area, including environmental remediation of the Redevelopment

Area; will improve the quality of life for the community; is expected to generate 400 construction jobs and 2 permanent jobs; will serve as a catalyst for further private investment in areas surrounding the Redevelopment Area and will enhance the economic development of the Borough. The benefits to the Borough accruing as a result of the Project, including the generation of jobs, the revitalization of the Redevelopment Area, the environmental remediation of the Redevelopment Area, and the generation of municipal revenues, will substantially outweigh any incremental costs to the Borough resulting from the Long Term Tax Exemption granted herein.

The Long Term Tax Exemption is important to the Borough and the Entity because without the incentive of the Long Term Tax Exemption, it is unlikely that the Project would be undertaken. The Long Term Tax Exemption will allow the Entity to provide a high level of maintenance for the Redevelopment Area.

Section 2.2 Approval of Agreement

The Borough hereby approves a Long Term Tax Exemption for the Project, which is to be constructed, operated and maintained on the Land in accordance with the terms and conditions set forth herein, the Redevelopment Agreement, the provisions of the Exemption Law, and other Applicable Law. Pursuant to the Ordinance, the Land and Improvements to be constructed and maintained by the Entity shall be exempt from taxation as provided for herein.

Section 2.3 Approval of the Entity

The Borough hereby approves of the Entity in reliance upon the Entity's representation that its certificate of formation contains all the requisite provisions of law, has been reviewed and approved by the Commissioner of the New Jersey State Department of Community Affairs, and has been filed with, as appropriate, the New Jersey State Department of Treasury, all in accordance with *N.J.S.A. 40A:20-5*.

Section 2.4 Redevelopment of the Land

The Entity agrees that it will develop, construct, operate and maintain the Project in accordance with the terms of the Redevelopment Agreement and the Redevelopment Plan. The final design of the Project shall be as approved by the Planning Board of the Borough, in accordance with the Redevelopment Plan.

Section 2.5 Entity's Relationship to Land

The Land will be owned in fee simple by the Entity.

ARTICLE III
OWNERSHIP, MANAGEMENT AND CONTROL

Section 3.1 Entity's Representation

The Entity represents that an Affiliate is the contract purchaser of the Land, and that the Entity shall be the owner of the Land prior to the commencement of construction of the Project. Following the Entity's acquisition of the Land, it shall remain the fee title owner of the Land throughout the development and construction of same, subject to its right of transfer in accordance with Section 8.1 hereof and the terms of the Redevelopment Agreement.

Section 3.2 Required Provisions of Financial Agreement

To the extent not otherwise set forth herein, those items required by *N.J.S.A. 40A:20-9* to be included in this Financial Agreement are set forth in the Application attached hereto as Exhibit B, which is incorporated herein as if set forth at length, and the Entity represents and warrants as to the accuracy of the contents thereof. 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.

Section 3.3 Fiscal Plan

The Entity represents that it intends to finance the Improvements in accordance with the representations set forth in the Application, including the fiscal plan attached thereto, which is also attached hereto as Exhibit C. The Application and fiscal plan set forth, among other things, the estimated Total Project Cost, amortization rates on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid in capital, and the terms of any mortgage amortization. Notwithstanding the foregoing, the Entity may finance the Project in any commercially reasonable manner, depending on the conditions, including, without limitation, in the capital markets, at the time of any such financing(s).

Section 3.4 Estimated Annual Gross Revenues

The Entity sets forth its good faith projections of the Annual Gross Revenue from the Project in the Fiscal Plan annexed to and made a part of this Financial Agreement at Exhibit C.

ARTICLE IV
LONG TERM TAX EXEMPTION; ANNUAL SERVICE CHARGE

Section 4.1 Term

Subject to compliance with this Agreement, this Agreement shall be in effect from the Effective Date through the Termination Date. However, in no case shall this Agreement remain in effect longer than 35 years from the Effective Date. Upon the expiration of this Agreement, (i) the tax exemption for the Project shall expire and the Land and the Improvements thereon shall

thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Borough, and (ii) any restrictions and limitations upon the Entity shall terminate upon such Entity's rendering and the Borough's acceptance of its final accounting to the Borough, pursuant to *N.J.S.A.* 40A:20-13.

Section 4.2 Calculation of Annual Service Charge; Schedule of Staged Adjustments

(a) Calculation of Annual Service Charge. In consideration of the Borough granting the Entity the Long Term Tax Exemption set forth in this Financial Agreement, the Entity shall pay to the Borough for municipal services supplied to the Project, as provided in the Exemption Law, an Annual Service Charge as follows:

(i) From the ASC Commencement Date until the 10th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of ten percent (10%) of AGR or the Minimum Annual Service Charge;

(ii) From the first day after the 10th anniversary of the ASC Commencement Date until the 20th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of eleven percent (11%) of AGR or the Minimum Annual Service Charge;

(iii) From the first day after the 20th anniversary of the ASC Commencement Date until the 23rd anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of twelve percent (12%) of AGR or the Minimum Annual Service Charge;

(iv) From the first day after the 23rd anniversary of the ASC Commencement Date until the 25th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of thirteen percent (13%) of AGR or the Minimum Annual Service Charge;

(v) From the first day after the 25th anniversary of the ASC Commencement Date until the 27th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fourteen percent (14%) of AGR or the Minimum Annual Service Charge;

(vi) From the first day after the 27th anniversary of the ASC Commencement Date until the 30th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fifteen percent (15%) of AGR or the Minimum Annual Service Charge.

(b) Schedule of Staged Adjustments. The Annual Service Charge shall be reviewed and shall be adjusted in stages over the term of this Agreement in accordance with *N.J.S.A.* 40A:20-12(b) as follows:

(i) **Stage One:** For each of the years one (1) through fifteen (15) from the ASC Commencement Date, the Annual Service Charge shall be the amount due pursuant to Section 4.2(a) of this Agreement;

(ii) **Stage Two:** For each of the years sixteen (16) through twenty-one (21) from the ASC Commencement Date, the Annual Service Charge shall be the greater of (1) the

amount due pursuant to Section 4.2(a) of this Agreement; or (2) twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iii) **Stage Three:** For each of the years twenty-two (22) through twenty-seven (27) from the ASC Commencement Date, the Annual Service Charge shall be greater of (1) the amount due pursuant to Section 4.2(a) of this Agreement; or (2) forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iv) **Stage Four:** For each of the years twenty-eight (28) through twenty-nine (29) from the ASC Commencement Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.2(a) of this Agreement; or (2) sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(v) **Stage Five:** For the thirtieth (30th) year from the ASC Commencement Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.2(a) of this Agreement; or (2) eighty percent (80%) of the amount of the taxes otherwise due on the value of the Land and Improvements.

Section 4.3 Minimum Annual Service Charge

Notwithstanding anything to the contrary in this Financial Agreement, including, without limitation, Section 4.2 hereof, the Annual Service Charge for the Project shall not be less than the Minimum Annual Service Charge.

Section 4.4 Land Taxes

The Land shall be exempt from Land Taxes from the ASC Commencement Date through the Termination Date in accordance with *N.J.S.A. 40A:20-12*, provided, however, that if such exemption of Land Taxes is invalidated by a court of competent jurisdiction, then this Agreement shall remain in full force and effect and shall be reformed to provide that:

- (a) Land Taxes are assessed on the Land; and
- (b) The Entity, or its Transferee, shall be entitled to a credit against the Annual Service Charge for the amount, without interest, of the Land Tax payments timely made in the last four (4) preceding quarterly installments; and
- (c) The gross amount of the Annual Service Charge in each year shall be increased by the amount of the Land Tax credit.

Section 4.5 Quarterly Installments

The Annual Service Charge or the Minimum Annual Service Charge, as the case may be, and if applicable, Land Taxes, shall be paid in quarterly installments on those dates when ad valorem real estate tax payments on other properties within the Borough are due, subject to adjustment for over payment or underpayment within thirty (30) Days after the close of each calendar year, and the Borough shall issue bills to the Entity specifying such amounts due on the

same schedule as ad valorem real estate tax bills are issued to other property owners in the Borough. If the Entity fails to so pay, the amount unpaid shall bear the highest rate of interest permitted in the case of the unpaid taxes or tax liens on the Land until paid. The Entity's failure to make the requisite payments of Annual Service Charge or Minimum Annual Service Charge, or if applicable, Land Taxes, in a timely manner shall constitute a Default under this Agreement and the Borough may, among its other remedies as provided in this Financial Agreement, proceed against the Project pursuant to the In Rem Tax Foreclosure Act, *N.J.S.A. 54:5-1 et seq.* In addition, the Borough may terminate this Agreement with respect to the Project in accordance with Section 5.4 hereof. Any Default arising out of the Entity's failure to pay the Annual Service Charge, Minimum Annual Service Charge, or if applicable, Land Taxes, shall not be subject to the dispute resolution remedies provided in Section 5.1.

Section 4.6 Rights and Obligations Related to Long Term Tax Exemption

A. All Annual Service Charge or Minimum Annual Service Charge payments, as the case may be, made pursuant to this Financial Agreement shall be in lieu of taxes and, as set forth above, the Borough shall have the rights and remedies of tax enforcement granted to a municipality by Applicable Law, including those of in rem tax foreclosure pursuant to *N.J.S.A. 54:5-1*, just as if said payments constituted regular real property tax obligations on other real properties within the Borough.

B. If the ASC Commencement Date occurs on a date other than the last day of a quarter, the amount of ad valorem real estate taxes for such period up to the ASC Commencement Date shall be based on a per diem basis for such quarter.

Section 4.7 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)*.

Section 4.8 Payment of Conventional Taxes Prior to ASC Commencement Date

The Parties agree that conventional property taxes, including Land Taxes, are due from time to time in accordance with Applicable Law prior to the ASC Commencement Date.

Section 4.9 Administrative Fee

In addition to the Annual Service Charge, the Borough reserves the right to charge the Entity an annual administrative fee (the "**Annual Administrative Fee**") in an amount equal to two percent (2%) of the Annual Service Charge. The Annual Administrative Fee shall be due on or before November 1 in each year following the ASC Commencement Date.

Section 4.10 Other Municipal Services

Nothing herein shall exempt the Entity from the payments required under the Borough code for the provision of municipal services, including, without limitation, water and sewer charges.

The Entity shall timely pay for any municipal services rendered to the Project or to the Land, on the same terms as other similar situated property owners in the Borough.

ARTICLE V
DISPUTE RESOLUTION; DEFAULT

Section 5.1 Agreement to Arbitrate

If the Borough or the Entity breaches this Financial Agreement (other than with respect to a Payment Default), or a dispute arises between the Parties regarding the terms and provisions set forth herein, then the Parties shall submit the dispute to arbitration, which shall utilize State law and the arbitration rules of the American Arbitration Association in the State of New Jersey, to be resolved in accordance with its rules and regulations in such fashion as to accomplish the purposes of the Exemption Law and this Financial Agreement. The costs of arbitration shall be borne equally by the Parties involved in the arbitration. The demand for arbitration shall be filed in writing and shall be made within a reasonable time after a dispute or breach occurs. (Section 1.3(F) hereof shall not apply for purposes of the foregoing sentence.) The arbitrator(s) shall make written findings of fact and conclusions of law. Any arbitration award may be appealed by either Party to the New Jersey Superior Court, Law Division, with respect to asserted errors of fact or law, and the outcome of such appeal may be further appealed in the State courts, and shall not be limited in any way due to the origin of the action in arbitration.

Notwithstanding the foregoing, if the Entity fails to pay the Annual Service Charge, Minimum Annual Service Charge, or if applicable, Land Taxes, the Borough among its other remedies, reserves the right to proceed against the Project pursuant to *N.J.S.A. 54:5-1 to 54:5-129*, and any Act supplementary or amendatory thereof, and shall not be required to submit such matters to arbitration. Whenever the word “Taxes” appears or is applied, directly or implied, to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the Annual Service Charge are taxes or municipal liens on land.

Section 5.2 Covenant to Make Payments

The Entity agrees that timely payment of the Land Taxes (during any period in which Land Taxes are not exempt hereunder), the Minimum Annual Service Charge and/or the Annual Service Charge to the Borough, as well as continued compliance with Applicable Laws, are material conditions of this Financial Agreement. The failure to make any of the aforesaid payments in timely fashion shall constitute both a breach of this Financial Agreement and a tax payment delinquency under Applicable Law.

Section 5.3 Remedies upon Default

All of the remedies provided in this Agreement, and all rights and remedies granted to the Parties by law and equity, shall be cumulative and concurrent. No termination of any provision within this Agreement shall deprive the Borough of any of its remedies in accordance with law or actions against the Entity because of its failure to pay Land Taxes (during any period in which Land Taxes are not exempt hereunder), the Annual Service Charge, and/or water and sewer charges

with interest payments. The bringing of any action due to a Default under this Agreement shall not be construed as a waiver of the right to enforce any other remedy provided in this Agreement. Nothing in this Agreement shall be deemed to create personal liability on the part of any Entity for any of the provisions of this Agreement, the Borough's rights and remedies to collect any obligation due and owing hereunder to be the same as the Borough's rights and remedies with respect to collection of real estate taxes generally under applicable law.

Section 5.4 Notification of Breach Required

The Borough shall notify the Entity in writing of any breach relating to the terms of this Financial Agreement. If the Entity fails to cure a Payment Default within ten (10) Days of the actual delivery of notice by the Borough, or fails to cure any other breach within thirty (30) Days after the actual delivery of notice by the Borough, or within any additional periods to which the Parties may agree to, in writing (with respect to Defaults other than Payment Defaults, the Borough shall not unreasonably refuse to grant a reasonable extension of the cure period, not to exceed sixty (60) Days after the notice unless the Borough in its sole discretion shall agree to a longer cure period), the Borough may invalidate the Long Term Tax Exemption by providing thirty (30) Days' written notice to the Entity, which shall inform the Entity that the Long Term Tax Exemption shall terminate at the expiration of said thirty (30) Day notice period due to the breach of the terms of this Financial Agreement. In addition, for any time period prior to the issuance of the Phase 1 Certificate of Completion (as defined in the Redevelopment Agreement), if the Redevelopment Agreement has been terminated in accordance with its terms due to an Event of Default by the Redeveloper thereunder, this Financial Agreement shall also automatically terminate; provided, further that following the commencement of construction of the Project, no Event of Default under the Redevelopment Agreement with respect to the Phase 2 Project (as defined in the Redevelopment Agreement) shall constitute a Default hereunder or give rise to any basis to terminate this Financial Agreement.

Section 5.5 Force Majeure

Neither Party shall be liable to the other for failure to perform its obligations under this Agreement due to causes that are beyond the reasonable control and not substantially due to the fault or negligence of the Party seeking to excuse delay or failure of performance of an obligation hereunder by reason thereof, including, but not limited to, declarations of public emergency; acts of nature (as to weather-related events, limited to severe and unusual events or natural occurrences such as hurricanes, tornadoes, earthquakes, and floods); acts of the public enemy; acts of terrorism; acts of war; fire; epidemics; quarantine restrictions; blackouts, power failures or energy shortages; governmental embargoes; strikes or similar labor action by equipment or material suppliers or transporters, or unavailability of necessary building materials. Notwithstanding the foregoing, the payment of Land Taxes (during any period in which Land Taxes are not exempt hereunder), Annual Service Charge, Minimum Annual Service Charge and Administrative Fee are material conditions of this Agreement which shall not be excused by the occurrence of a force majeure event.

Section 5.6 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a reasonably timely manner. The Borough shall reasonably cooperate in processing Entity's request(s) for the issuance of any Certificate(s) of Occupancy.

Section 5.7 Filing of Certificate of Occupancy

It shall be the responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector of the Borough a copy of any Certificate of Occupancy issued for the Project.

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 **LIMITATION ON PROFITS**

Section 6.1 Entity's Covenant of Limitation on Profits

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(c), this calculation shall be completed in accordance with generally accepted accounting principles. In accordance with *N.J.S.A.* 40A:20-15, Excess Net Profits shall be calculated on an annual but cumulative basis.

Section 6.2 Permitted Reserves

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 prior fiscal year (hereinafter referred to as the "**Reserve**") 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.

Section 6.3 Payment of Dividend and Excess Profit Charge

In accordance with *N.J.S.A.* 40A:20-15, if the Net Profits of the Entity shall exceed the Allowable Net Profits in any accounting period, then the Entity, within ninety (90) Days after the end of the accounting period, shall pay such Excess Net Profits to the Borough as an additional Annual Service Charge; provided, however, that the Entity may maintain a Reserve as determined pursuant to Section 6.2.

Section 6.4 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 6.2, and the Excess Net Profits, if any.

ARTICLE VII **TERMINATION OF AGREEMENT AND INSPECTIONS**

Section 7.1 Voluntary Termination of the Financial Agreement by Entity

Pursuant to the Exemption Law, the Entity or any Transferee may at any time after the expiration of one (1) year from the ASC Commencement Date, notify the Borough in writing that, as of a certain date designated in the notice, it relinquishes its status as an urban renewal entity under the Exemption Law and that the Entity, or Transferee, has obtained the consent of the Commissioner of the Department of Community Affairs, if required by Applicable Law. As of that date, all of the obligations and requirements contained in this Financial Agreement shall terminate. Notwithstanding the foregoing, such relinquishment shall not impact the obligation of the Entity or the Transferee, as applicable, to make payment of any Administrative Fee, Land Taxes (during any period in which Land Taxes are not exempt hereunder), Annual Service Charge, or Minimum Annual Service Charge that has accrued up to and including the Termination Date, or the obligation of the Entity or the Transferee, as applicable, to perform the final accounting required by the Exemption Law and Section 7.2 below.

Section 7.2 Termination and Final Accounting

Within ninety (90) Days after the Termination Date, whether by affirmative action of the Entity or by virtue of the provisions of the Applicable Law or pursuant to the terms of this Financial Agreement, the Entity shall provide a final accounting and pay to the Borough the Reserve, if any, pursuant to *N.J.S.A.* 40A:20-15, as well as any Excess Net Profits, if any, payable as of that date. For purposes of rendering a final accounting, the Termination Date of the Financial Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 7.3 Taxes After Termination Date

After the Termination Date, the Long Term Tax Exemption shall expire, and the relevant portion of the Land and the Improvements constructed thereupon shall thereafter be assessed and conventionally taxed according to Applicable Law as other real property in the Borough.

Section 7.4 Rights of Inspection

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project by representatives duly authorized by the Borough and Division of Local Government Services in the Department of Community Affairs pursuant to *N.J.S.A.* 40A:20-9(e). The Entity shall also permit, upon written request, examination and audit of its books, contracts,

records, documents and papers relating to the Project by representatives duly authorized by the Borough and 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 five (5) Days' prior written notice, 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. Nothing in this section shall be construed to affect, limit or restrict the powers of municipal, county, State or other officials from carrying out those inspections that are generally applicable outside of the Exemption Law context, including, but not limited to, inspections by fire officials, construction code officials, etc.

ARTICLE VIII **SALE OR LEASE OF PROJECT**

Section 8.1 Approval of Sale of Project to Entity Formed and Eligible to Operate Under Applicable Law

The Entity shall not transfer all or any portion of the Project without the prior written approval of the Borough, except that after completion of the Project, the Entity shall be permitted to transfer all or any portion of the Project to another urban renewal entity, qualified and organized under the Exemption Law (a “**Transferee**”), and approved by the Borough under the conditions set forth herein. As permitted by *N.J.S.A.* 40A:20-10(a), it is understood and agreed that the Borough, on written application by the Entity after completion of the Project, shall consent to a sale of the Project and the transfer of this Agreement, provided: (i) the Transferee entity does not own or lease any other Project subject to long term tax exemption at the time of transfer; (ii) the Transferee entity is formed and eligible to operate under the Exemption Law; (iii) the Entity is not then in Default of the Redevelopment Agreement, this Agreement or the Exemption Law; (iv) the Entity’s obligations under this Agreement are fully assumed by the Transferee; (v) the Transferee agrees to abide by all terms and conditions of this Agreement including, without limitation, the filing of an application in a form reasonably acceptable to the Borough, and any other reasonable terms and conditions of the Borough in regard to the Project; (vi) the Transferee possesses the requisite experience, qualifications, and financial capacity to operate and manage the Project; and (vii) the principal owners of the Transferee possess the equivalent or better business reputation, financial qualifications and credit worthiness as the Entity and are otherwise reputable. The Borough may charge an administrative fee of two percent (2%) of the Annual Service Charge due in the year that the transfer is requested for processing any such application for transfer by the Entity.

Notwithstanding the above, it is expressly understood and agreed that the Entity is permitted, without the prior approval of the Borough, to effect the following transfers with respect to the Project:

- (a) Encumber the Project, e.g., mortgage financing, development easements, etc., provided that any such encumbrance is subordinate to the lien of the Annual Service Charges.
- (b) Transfer the ownership interest in the Entity to an Affiliate.

(c) Lease any portion of the Project to an end user, with such user not being required to be an entity eligible to operate under the Exemption Law, including, without limitation, a lease of the community center space to the Borough (if applicable).

(d) If applicable, the formation of a commercial condominium regime, to include two (2) condominium units, with the community center as one unit and the remainder of the Project as the second unit, and the associated transfer of the community center unit to the Borough. The Parties shall determine whether a condominium regime shall be implemented in accordance with the process set forth in the Redevelopment Agreement.

Notwithstanding anything to the contrary contained in (a) through (d), above, or elsewhere in this Agreement, the Parties expressly agree and acknowledge that:

(i) the Entity shall not enter into any lease, whether or not with an Affiliate or related entity, that shall operate to minimize or remove revenues properly includable in the calculation of Annual Gross Revenue; and

(ii) prior to completion of the Project (and only prior to the completion of the Project) all restrictions on transfer that are set forth in the Redevelopment Agreement shall apply in accordance with the terms thereof.

Section 8.2 Obligations of Entity and Transferee after Conveyance

If the Entity transfers the Project to a Transferee with the consent of the Borough and the Transferee has assumed the contractual obligations of the transferor Entity with the Borough, pursuant to Section 8.1 hereof, then the Entity shall be absolutely discharged from any further obligations regarding the Project and shall be qualified to undertake another project pursuant to the Exemption Law. Within ninety (90) Days after the date of a transfer, the Entity shall pay to the Borough any Reserve maintained by it pursuant to this Financial Agreement, as well as any Excess Net Profits payable to the Borough pursuant to this Financial Agreement and the Exemption Law.

Section 8.3 Collateral Assignment

It is expressly understood and agreed that the Entity has the right, to the extent permitted by the Exemption Law and the Redevelopment Agreement (for any time period the Redevelopment Agreement is in effect as to the Project), to encumber and/or assign its 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 with respect to the Project, and that any such encumbrance or assignment shall not be deemed to be a violation of this Financial Agreement.

(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, subject to compliance with the Redevelopment Agreement (if then still in effect) and the Exemption Law, 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) If the Entity shall Default in any of its obligations hereunder, the Borough shall give written 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 twenty (20) Days from the date of such notice to the Secured Parties with regard to a Payment Default by the Entity 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 to -11* shall apply to this Agreement to protect the interests of any Secured Party.

ARTICLE IX **ENTITY’S COVENANTS AND REPRESENTATIONS**

Section 9.1 Management and Operation

Subject to its right to transfer the Project pursuant to Section 8.1 of this Financial Agreement, the Entity represents and covenants that the Entity will manage the Project or will contract with a third-party management company. The Entity shall be free to rent residential units to end users without the consent of the Borough.

Section 9.2 Computation of Gross Revenue

The Entity shall, for the duration of this Agreement, calculate the Annual Gross Revenue in accordance with the Exemption Law and this Financial Agreement and the computation of Annual Gross Revenue shall be shown on the Entity’s Annual Audited Statement.

Section 9.3 Annual Audit Report

For so long as the Entity owns the Project and within ninety (90) Days after the close of each fiscal or calendar year (depending on the Entity's accounting basis) that this Financial Agreement shall continue in effect, commencing for the year in which the ASC Commencement Date occurs, the Entity shall submit to the Mayor of the Borough, the Governing Body, the CFO of the Borough, the Borough Administrator and the New Jersey Division of Local Government Services within the New Jersey Department of Community Affairs, its Annual Audited Statement for the preceding fiscal or calendar year in accordance with the Exemption Law. The report shall clearly identify and calculate the Net Profit for the Entity during the previous fiscal year. The Entity assumes all costs associated with preparation of the Annual Audited Statements. Except to the extent required by Applicable Law, all financial information provided hereunder shall remain confidential and not subject to public disclosure.

Section 9.4 Total Project Cost Audit

Within ninety (90) Days after the final Certificate of Occupancy is issued for the Project, the Entity shall submit to the Mayor, Borough Administrator and Governing Body, an audit of Total Project Cost, certified as to actual construction costs by the Entity's architect.

Section 9.5 Disclosure Statement

On each anniversary date of the Effective Date of this Agreement, the Entity shall submit to the Mayor, Borough Administrator and Governing Body, who shall advise those municipal officials required to be advised, a disclosure statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the Borough may request from time to time.

ARTICLE X **INDEMNIFICATION**

Section 10.1 Indemnification

It is understood and agreed that in the event the Borough shall be named as a party defendant in any action brought against the Borough or the Entity by allegation of any breach, Default or a violation of any of the provisions of this Agreement and/or the provisions of the Exemption Law or any other 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 the Entity and/or by reason of any breach, Default or a violation of any of the provisions of this Agreement, the provisions of the Exemption Law and/or any other Applicable Law except for any willful misconduct by the Borough or any of its officers, officials, employees or agents, and the Entity shall defend the suit at its own expense. The Borough shall be entitled to intervene in any such suit, and retain attorneys of its choosing, whether as party defendant or intervenor, the cost of such attorneys to be borne by the Entity in accordance with this Section.

ARTICLE XI
MISCELLANEOUS PROVISIONS

Section 11.1 Governing Law

This Financial Agreement shall be governed by the provisions of Applicable Law including but not limited to the Exemption Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, 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.

Section 11.2 Oral Representation

Neither Party hereto has made any oral representation that is not contained in this Financial Agreement. This Financial Agreement and the Application, including all of the Exhibits attached and annexed thereto, constitute the entire Financial Agreement by and between the Parties.

Section 11.3 Modification

There shall be no modification of this Financial Agreement except by virtue of a written instrument executed by and between both Parties.

Section 11.4 Notices

A notice, demand or other communication required to be given under this Agreement by any Party to the other shall be in writing and shall be sufficiently given or delivered if dispatched by United States Registered or Certified Mail, postage prepaid and return receipt requested, or delivered by overnight courier or delivered personally (with receipt acknowledged) to the Parties at their respective addresses set forth herein, or at such other address or addresses with respect to the Parties or their counsel as any party may, from time to time, designate in writing and forward to the others as provided in this Section:

(a) When sent by the Entity to the Borough:

Borough of Hillsdale
380 Hillsdale Avenue
Hillsdale, New Jersey 07642
Attn: Borough Administrator

With copy to:

McManimon, Scotland & Baumann, LLC
75 Livingston Avenue, 2nd Floor
Roseland, New Jersey 07068
Attn: Joseph P. Baumann Jr., Esq.

(b) When sent by the Borough to the Entity:

Patterson Street Urban Renewal, LLC
c/o Claremont Development LLC
32 Mount Kemble Avenue
Morristown, New Jersey 07960

with a copy to:

Pearlman & Miranda, LLC
Ironside Newark
110 Edison Place, Suite 301
Newark, New Jersey 07102
Attn: Adam L. Peterson, Esq.
Telephone: (973) 707-3566
Email: APeterson@PearlmanMiranda.com

From time to time either Party may designate a different person or address for all the purposes of this notice provision by giving the other party no less than ten (10) Days' notice in advance of such change of address in accordance with the provisions hereof. Notices shall be effective upon the earlier of receipt or rejection of delivery by the addressee. Any notice given by an attorney for a party shall be effective for all purposes. In addition, if the Entity delivers formal written notice to the Borough in accordance with this Agreement, of the name and address of any Secured Party, then the Borough shall provide such Secured Party with a copy of any notice required to be sent to the Entity.

Section 11.5 Severability

If any term, covenant or condition of this Financial Agreement shall be judicially declared 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 term, covenant or condition of this Financial Agreement shall be valid and be enforced to the fullest extent permitted by Applicable Law.

If any portion of this Financial Agreement shall be judicially declared to be invalid and unenforceable and provided that a Default has not been declared pursuant to this Financial Agreement, the Parties shall cooperate with each other to take the actions reasonably required to restore the Financial Agreement in a manner contemplated by the Parties, including, but not limited to the authorization and amendment of this Financial Agreement in a form reasonably drafted to effectuate the original intent of the Parties.

Section 11.6 Good Faith

The Entity and the Borough agree to act in good faith in all of their dealings with each other.

Section 11.7 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 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 ASC Commencement 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, within ten (10) Days following the later of the effective date of the Ordinance or the execution of the Financial Agreement by the Entity, the Borough Clerk shall transmit a certified copy of the Ordinance and the Financial Agreement to the chief financial officer of Bergen County and to the Bergen County counsel for informational purposes.

Section 11.8 Recording

This entire Agreement will be filed and recorded with the Bergen County Clerk by the Entity at the Entity's expense.

Section 11.9 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 11.10 Estoppel Certificate

Within thirty (30) Days following written request therefor by the Entity, or any Secured Party, purchaser, tenant or other party having an interest in the Project, the Borough shall issue a signed estoppel certificate in reasonable form stating that (i) this Financial Agreement is in full force and effect, (ii) to the best of the Borough's knowledge, no Default has occurred under this Agreement (nor any event which, with the passage of time and/or the giving of notice would result in the occurrence of a Default) or stating the nature of any Default, and (iii) stating any such other reasonable information as may be requested. In the event the estoppel certificate discloses a Default, it shall also state the manner in which such Default may be cured.


[Signature Page Follows]

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

WITNESS:

**PATTERSON STREET URBAN RENEWAL,
LLC**


Name: Andrew Blenziger

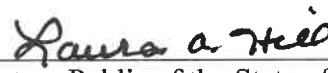
By: 
Name: Stephen Sciaretta
Title: Authorized Signatory

STATE OF New Jersey)
) SS.:
COUNTY OF Morris)

Be it remembered that on the 26th day of September, 2022, Stephen Sciaretta personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

- (a) s/he is the Authorized Signatory of **PATTERSON STREET URBAN RENEWAL, LLC** the limited liability company named as Entity in the attached Financial Agreement;
- (b) s/he is authorized to execute the attached Financial Agreement on behalf of the Entity;
- (c) s/he executed the attached Financial Agreement on behalf of and as the act of the Entity; and
- (d) the attached Financial Agreement was signed and made by the Entity as its duly authorized and voluntary act.

Sworn and subscribed to before me
this 26th day of September, 2022


Notary Public of the State of NJ

LAURA A. HILL
NOTARY PUBLIC OF NEW JERSEY
My Commission No.: 2024116
My Commission Expires
from Jan 15, 2022 - Jan 15, 2027

ATTEST:

BOROUGH OF HILLSDALE

Denise Kohan

Name: Denise Kohan
Title: Borough Clerk

By: *John J. Ruocco*

Name: John J. Ruocco
Title: Mayor

STATE OF NEW JERSEY)

)

SS.:

COUNTY OF BERGEN)

Be it remembered that on the 10, day of August, 2022, John J. Ruocco personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

- (a) he is the Mayor of the Borough of Hillsdale, New Jersey, the Borough in the attached Financial Agreement;
- (b) he is authorized to execute the attached Financial Agreement on behalf of the Borough;
- (c) he executed the attached Financial Agreement on behalf of and as the act of the Borough; and
- (d) the attached Financial Agreement was signed and made by the Borough as its duly authorized and voluntary act.

Sworn and subscribed to before me
this 10 day of August, 2022

Eileen M. McLaughlin

Notary Public or Attorney at Law
of the State of New Jersey

<p>EILEEN M. McLAUGHLIN Notary Public, State of New Jersey Commission # 50177233 My Commission Expires 11/06/2026</p>
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EXHIBIT A
LAND DESCRIPTION

To be attached.

STONEFIELD

PROPERTY DESCRIPTION – BLOCK 1211, LOTS 1 & 2

ALL THAT CERTAIN LOT, TRACT OR PARCEL OF LAND, WITH THE BUILDINGS AND IMPROVEMENTS THEREON ERECTED, SITUATE, LYING AND BEING IN THE BOROUGH OF HILLSDALE, COUNTY OF BERGEN, STATE OF NEW JERSEY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING THE INTERSECTION OF THE SOUTHERLY LINE OF KNICKERBOCKER AVENUE (50 FEET WIDE) AND THE WESTERLY LINE OF PATTERSON STREET (36 FEET WIDE), SAID POINT HAVING COORDINATES N: 792,292.38 E: 617,947.66 IN THE NEW JERSEY STATE PLANE COORDINATE SYSTEM, THENCE

1. ALONG SAID WESTERLY LINE OF PATTERSON STREET, ON A CURVE TO THE LEFT, HAVING A RADIUS OF 1,976.00 FEET, AN ARC LENGTH OF 235.66 FEET, A DELTA ANGLE OF 06 DEGREES 50 MINUTES 21 SECONDS, A CHORD BEARING OF SOUTH 04 DEGREES 05 MINUTES 47 SECONDS EAST AND A CHORD LENGTH OF 235.72 FEET TO A POINT OF REVERSE CURVATURE; THENCE
2. ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 22.00 FEET, AN ARC LENGTH OF 34.07 FEET, A DELTA ANGLE OF 88 DEGREES 43 MINUTES 49 SECONDS, A CHORD BEARING OF SOUTH 36 DEGREES 51 MINUTES 07 SECONDS WEST AND A CHORD LENGTH OF 30.77 FEET TO A POINT OF TANGENCY; THENCE
3. ALONG THE NORTHERLY LINE OF BROOKSIDE AVENUE (VARIABLE WIDTH), SOUTH 81 DEGREES 13 MINUTES 02 SECONDS WEST, 70.40 FEET, TO A POINT OF CURVATURE; THENCE
4. ALONG THE SAME, ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 446.05 FEET, AN ARC LENGTH OF 79.79 FEET, A DELTA ANGLE OF 10 DEGREES 14 MINUTES 57 SECONDS, A CHORD BEARING OF NORTH 86 DEGREES 17 MINUTES 45 SECONDS WEST, AND A CHORD LENGTH OF 79.68 FEET TO A POINT OF TANGENCY; THENCE
5. ALONG THE SAME, NORTH 88 DEGREES 34 MINUTES 46 SECONDS WEST, 61.61 FEET TO A POINT, SAID POINT BEING A FOUND MAG; THENCE
6. ALONG THE SAME, NORTH 81 DEGREES 13 MINUTES 02 SECONDS EAST, 341.48 FEET TO A POINT ON THE EASTERLY LINE OF PROSPECT PLACE (50' WIDE); THENCE
7. ALONG THE EASTERLY LINE OF PROSPECT PLACE, NORTH 08 DEGREES 46 MINUTES 58 SECONDS WEST, 238.48 FEET TO A POINT ON THE SOUTHERLY LINE OF KNICKERBOCKER AVENUE; THENCE
8. ALONG SAID SOUTHERLY LINE OF KNICKERBOCKER AVENUE, NORTH 81 DEGREES 13 MINUTES 02 SECONDS EAST, 593.14 FEET TO THE POINT AND PLACE OF BEGINNING

TOTAL AREA = 141,697 SQUARE FEET OR 3.252 ACRES OF LAND MORE OR LESS.

PROPERTY DESCRIPTON - BLOCK 1210, LOTS 10 & 11

ALL THAT CERTAIN LOT, TRACT OR PARCEL OF LAND, WITH THE BUILDINGS AND IMPROVEMENTS THEREON ERECTED, SITUATE, LYING AND BEING IN THE BOROUGH OF HILLSDALE, COUNTY OF BERGEN, STATE OF NEW JERSEY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING THE INTERSECTION OF THE SOUTHERLY LINE OF BROOKSIDE PLACE (VARIABLE WIDTH) AND THE WESTERLY LINE OF PATTERSON STREET (36 FEET WIDE), SAID POINT HAVING COORDINATES N: 792,004.27 E: 617,972.22 IN THE NEW JERSEY STATE PLANE COORDINATE SYSTEM, THENCE

1. ALONG SAID WESTERLY LINE OF PATTERSON STREET, ON A CURVE TO THE LEFT, HAVING A RADIUS OF 1,976.00 FEET, AN ARC LENGTH OF 203.92 FEET, A DELTA ANGLE OF 05 DEGREES 54 MINUTES 46 SECONDS, A CHORD BEARING OF SOUTH 12 DEGREES 01 MINUTES 30 SECONDS EAST AND A CHORD LENGTH OF 203.83 FEET TO A POINT ON THE NORTHERLY LINE OF PIERMONT AVENUE (50 FEET WIDE); THENCE
2. ALONG SAID NORTHERLY LINE OF PIERMONT AVENUE, SOUTH 81 DEGREES 13 MINUTES 02 SECONDS WEST, 259.95 FEET, TO A POINT; THENCE
3. ALONG THE DIVIDING LINE OF LOT 11 AND LOT 9, BLOCK 1210, NORTH 08 DEGREES 46 MINUTES 58 SECONDS WEST, 100.50 FEET TO A POINT; THENCE
4. ALONG THE DIVIDING LINE OF LOT 10 AND LOT 9, BLOCK 1210, SOUTH 81 DEGREES 13 MINUTES 02 SECONDS WEST, 125.00 FEET TO A POINT; THENCE
5. ALONG THE DIVIDING LINE OF LOT 10 AND LOT 8, BLOCK 1210, NORTH 08 DEGREES 46 MINUTES 58 SECONDS WEST, 103.00 FEET TO A POINT ON THE AFOREMENTIONED SOUTHERLY LINE OF BROOKSIDE PLACE; THENCE
6. ALONG SAID SOUTHERLY LINE OF BROOKSIDE PLACE, NORTH 81 DEGREES 13 MINUTES 02 SECONDS EAST, 373.42 FEET TO THE POINT AND PLACE OF BEGINNING

TOTAL AREA = 64,245 SQUARE FEET OR 1.474 ACRES OF LAND MORE OR LESS.

Z:\Rutherford\RUT\2021\RUT-210249 Claremont Development - 60 Brookside Place, Hillsdale, NJ\Correspondence\Outgoing\Client & Project Team\2022-07-07_Property Description.docx

EXHIBIT B
APPLICATION

Not recorded.

Copy on file with the Borough Clerk of the Borough of Hillsdale.

**Application for
Long Term Tax Exemption
Borough of Hillsdale, New Jersey**

Applicant

Patterson Street Urban Renewal, LLC
32 Mount Kemble Avenue,
Morristown, NJ 07960

Project Address

131 Patterson Street
145 Patterson Street
60 Brookside Place
77 Brookside Place

Block 1210, Lots 10 and 11
Block 1211, Lots 1 and 2

OVERVIEW OF APPLICATION CONTENTS

- Section I – General Instructions
- Section II – Applicant Identification
- Section III – Project Description & Details
- Section IV – Type of Exemption and Term Requested
- Representations and certifications required by statute
- Applicant Signature
- Exhibits

I. INSTRUCTIONS

Please complete this application **in its entirety** and attach all required supporting documentation. The municipality reserves the right to return incomplete applications, which may significantly delay the tax exemption authorization process or cause the application to be denied. Submission of all documents requested herein is a material condition of this application.

Important notes:

(1) Certain documents required in this application must be prepared by qualified professionals other than the Applicant. In particular, survey documents must be signed and sealed by a licensed surveyor, site plan documents must be signed and sealed by a professional engineer and detailed cost estimates must be certified by a licensed engineer or architect.

(2) Under New Jersey law, applicants for long-term exemption must be organized as an Urban Renewal Entity as certified by the New Jersey Department of Community Affairs. (Low- and moderate-income housing projects located in particular areas may be exempt from this requirement in certain cases.)

(3) The application must be accompanied by a proposed form of financial agreement. Please ensure that the financial agreement attached to this application is appropriate to the type of project for which you are seeking an exemption.

Completed applications should be submitted to:

David Troast, Borough Administrator
Borough of Hillsdale
380 Hillsdale Avenue
Hillsdale, New Jersey 07642

If you have any questions regarding the application or the tax exemption process, please contact:

Joseph P. Baumann, Jr., Esq.
McManimon, Scotland & Baumann, LLC
75 Livingston Avenue, 2nd Floor
Roseland, New Jersey 07068
(973) 622-5259
jbaumann@msbnj.com

THE UNDERSIGNED ON BEHALF OF APPLICATION HEREBY CERTIFIES TO THE BOROUGH OF HILLSDALE RESPECTING A SUBMISSION FOR LONG TERM TAX EXEMPTION (N.J.S.A. 40A:20-1 ET SEQ.) AS FOLLOWS:

II. APPLICANT IDENTIFICATION

A. Name of Applicant:

Patterson Street Urban Renewal, LLC

B. Principal Address:

32 Mount Kemble Avenue, Morristown, NJ 07960

C. Type of Entity (check one)

Corporation LLC LLP Partnership

Other (please specify): _____

D. Contact Information

(1) Name of Primary Contact: Anthony Marchigiano

(2) Contact Numbers:

a. Phone: (201) 317-6786

b. Fax: N/A

c. Email: Anthony@Marchdevelops.com

E. Name and Address of Statutory Agent:

List the name and address of the entity upon whom a legal process can be served:

Stephen Sciarretta
32 Mount Kemble Avenue
Morristown NJ 07960

F. Federal Tax Identification Number:

88-3127874

G. Disclosure of Ownership:

New Jersey law (N.J.S.A. 52:25-24.2) requires that all corporations and partnerships seeking a public contract submit a list of the names and addresses of all principals who own more than 10% of any class of stock, or 10% or more of the total stock (if a corporation), or 10% or more of the partnership. In addition, if the Applicant has, as one or more of its owners, a corporation or partnership, the ownership of those entities must be similarly disclosed, and that

process shall continue down the entire chain of ownership until the names and addresses of every unincorporated stockholder and/or individual partner is disclosed.

Provide the necessary information utilizing the form provided with Exhibit 1 of this application.

H. Certificates of Incorporation and Approval:

Provide a copy of the approved certificate of incorporation or formation by the State of New Jersey for the entity applying for the exemption. Attach the certificate as Exhibit 2.

Also include a copy of the certificate of approval of the urban renewal entity issued by the State of New Jersey Department of Community Affairs. Attach that certificate as Exhibit 3. (The only projects exempt from this requirement are low- and moderate-income housing projects located outside a designated redevelopment area.)

I. Authorization to Submit Application:

Provide a company resolution authorizing submission of the application in the form provided as Exhibit 4 of this application.

III. PROJECT DESCRIPTION

A. Applicant's Ownership Interest in the Project:

Conventional (Fee Simple) Condominium Other (specify)

B. Project Type (check all that apply):

Residential Retail Office Manufacturing

Distribution Facility Hotel

Other (Specify): Community Center Space

If the project involves more than one type of usage, indicate the percentage that each usage bears to the overall project measured using square feet of gross area:

98% Residential; % Retail; % Office; % Manufacturing;

% Distribution Facility; % Hotel;

2% Other (Specify): Community Center

C. Marketing Expectation:

For Sale For Lease Both

D. Project Location:

1. Provide all street addresses by which the project site is currently known. Use additional sheets if necessary.

Address #1: 131 Patterson Street, Hillsdale, NJ 07642

Address #2: 145 Patterson Street, Hillsdale, NJ 07642

Address #3: 60 Brookside Place, Hillsdale, NJ 07642

Address #4: 77 Brookside Place, Hillsdale, NJ 07642

2. Provide all tax lots that comprise the project site as they are designated on the official maps of the Tax Assessor as of the date of this application (i.e., prior to any subdivision associated with the project). Use additional sheets if necessary.

Block 1210 Lots: 10, 11

Block 1211 Lots: 1, 2

Project site also includes a portion of Brookfield Place to be vacated by the Borough.

3. Attach the metes and bounds description of the project site as Exhibit 5 of this application.

4. Attach the survey of the project site as Exhibit 6 of this application. If a survey has not yet been completed, a plotting on the official tax map may be provided at this time. A certified survey will be required prior to execution of any financial agreement.

E. Control of Property:

Attach a copy of the deed, purchase and sale agreement or lease agreement for the property as Exhibit 7 to confirm that the project site is under the control of the Applicant.

F. Purpose of Project:

1. This project is located within an officially designated “area in need of redevelopment.”

Yes No

2. This project is located within an Urban Enterprise Zone.

Yes No

3. This project is intended to provide housing to low- and/or moderate-income households:

Yes No

Indicate the number of units of each type listed below, as appropriate.

Number of units for low-income households 20
 Number of units for moderate-income households 0
 Number of market rate units 235
 Total number of residential units 255

4. This project is intended to provide housing to households relocated as a result of a redevelopment project: Yes No
5. This project is intended as a means to implement the objectives set forth in an adopted Redevelopment Plan: Yes No
6. If the answer to questions 3, 4 and 5 of this section was “No”, please indicate the purpose of the project: N/A

H. Narrative Description of Project:

Provide a brief narrative description of the project, including the height and bulk of proposed improvements, type of construction materials to be used and expected square foot area of each proposed use. Indicate the number and type of each unit to be constructed as part of the project and whether the project will be restricted to any group or groups on the basis of age or income. Include maps, renderings, floor plans and other graphic materials if available. Attach this description as Exhibit 8 of this application.

I. Current Conditions:

1. Provide a brief description of any improvements that are in place currently on the project site and indicate which, if any, are expected to be reused as part of the project. Attach extra pages as needed.

The Project Site is currently improved as an industrial site, anchored by a solid waste transfer station.

2. Provide a list with the current tax assessment and the current real property tax levy for each lot included within the project site. Attach extra pages as needed.

Current Tax Assessment

Block	Lot	Land	Improvements	Total
1210	10	\$1,016,000	\$976,800	\$1,992,800
1210	11	\$375,000	\$385,900	\$760,900
1211	1	\$1,050,000	\$86,900	\$1,136,900
1211	2	\$900,000	\$900,100	\$1,800,100

Current Real Property Taxes

Block	Lot	Land	Improvements	Total
1210	10	\$30,135	\$28,972	\$59,106
1210	11	\$11,122	\$11,446	\$22,568
1211	1	\$31,143	\$2,577	\$33,720
1211	2	\$26,694	\$26,697	\$53,391

3. Provide a list showing the current status of all municipal fees and charges which are currently levied against each lot located within the project site, including, without limitation water charges, sewer charges, permit or license fees, fines and/or penalties. Attach extra pages as needed.

Block	Lot	Current Status of Municipal Fees and Charges (specify type)
1210	10	Current
1210	11	Current
1211	1	Current
1211	2	Current

J. Site Plan Approval:

1. Provide a copy of the site plan approved by the Planning Board for the project, or if site plan approval has not been obtained, provide draft architectural drawings and a draft site plan and the anticipated submission date of same. Attach the site plan as Exhibit 9 of this application.
2. Provide a copy of the resolution of the Planning Board providing final site plan approval for the project. Attach the resolution as Exhibit 10 of this application.

K. Project Cost Estimates:

1. Provide a detailed cost breakdown for the project, including both hard and soft costs. The estimate should be certified by a licensed architect or engineer. Attach the completed estimate for the entire project, with the required certification, as Exhibit 11 of this application.
2. For each type of unit to be included within the project, provide an estimate of the total unit cost for that unit. This may be provided at a summary level, not at the level set forth for the estimate required by section K.1 above. The estimate should also be certified by a licensed architect or engineer. Attach the completed unit estimates, with the required certification, as Exhibit 12 of this application.

L. Project Pro-Forma:

Provide a detailed projection of the estimated revenues and expenses for the project. The projections for all rental projects and for the rental component of mixed-use projects should cover the full exemption period. Projections involving the sale of units should be for the period expected to be needed to complete all sales activity. Attach the projection as Exhibit 13 of this application.

M. Project Financing Plan:

1. Sources of Capital: Provide a detailed explanation of the expected method by which the project will be financed, indicating the amount of equity to be contributed and its source, all public loans and/or grants that are to be used and all private sources of capital. Attach this explanation as Exhibit 14 of this application.
2. Private Financing Commitments: Provide certified copies of any and all letters from public or private sources of capital indicating a commitment to make funds available for the project. Attach these letters as Exhibit 15 of this application.

N. Explanation of the Need for Tax Exemption:

Provide an explanation of why the Applicant believes that a long-term tax exemption is necessary to make this project economically feasible. Attach the explanation as Exhibit 16 of this application.

O. Project Schedule:

Attach a detailed schedule of the key milestone dates in the approval, construction and leasing or sale of the project as Exhibit 17 of the application.

P. Statement of Project Benefits:

Provide a detailed description of the public benefits that would result from the project as Exhibit 18. The description of public benefits should include all of the following:

1. Employment: (i) provide a projection of the number and type of construction jobs to be created; (ii) provide a projection of the number and type of permanent jobs to be created, including an estimated pay scale; (iii) describe the steps that the Applicant will take to make temporary and permanent job opportunities available to municipal residents, including but not limited to hiring fairs, advertisements, and participation in programs sponsored by governmental or non-profit entities; and (iv) estimate the number of positions that are expected to be filled with municipal residents.
2. Environmental: please describe any environmental remediation that will occur at the property.

3. Municipal revenue: provide a projection of municipal revenue to be generated by the project through the payment of taxes, payments in lieu of taxes, water and sewer fees and any other municipal payments.
4. Other: please describe any other public benefits that would result from the project.

IV. EXEMPTION INFORMATION

A. Annual Service Charge to be based on: (check one)

- An amount not less than 10% of Annual Gross Revenue (Non-condominium)
- An amount not greater than 15% of Annual Gross Revenue (Non-condominium/low- and moderate-income housing project)
- An amount not less than 2% of Total Project
- An amount not greater than 2% of Total Project Cost (low- and moderate-income housing project)
- Imputed debt service (Condominium)
- A negotiated amount pursuant to the *Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12A-64 et seq.*

B. Term Requested:

30 Years

C. Proposed Rates and Phases:

<u>Years</u>	<u>Rate</u>
1-10	10% of AGR
11-20	11% of AGR
21-23	12% of AGR
24-25	13% of AGR
26-27	14% of AGR
28-30	15% of AGR

In addition, Applicant proposes a Minimum Annual Service Charge of \$500,000 annually, and the following annual comparison to otherwise applicable taxes (“OAT”): 0% OAT Years 1-15; 20% OAT Years 16-21; 40% OAT Years 22-27; 60% OAT Years 28-29; 80% OAT Year 30.

D. Form of Financial Agreement:

Attach the proposed form of the financial agreement as Exhibit 19 of the application. The correct form for the project type should be attached to this application. Please note that the final

financial agreement provides that a sealed certification by the project architect as to the final project cost must be submitted within 60 days after the issuance of the Certificate of Occupancy for the project.

REPRESENTATIONS AND CERTIFICATIONS

IN SUBMITTING THE APPLICATION, THE APPLICANT CERTIFIES THAT ALL OF THE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF HIS OR HER KNOWLEDGE AND FURTHER CERTIFIES TO THE FOLLOWING:

A. The project conforms to the Redevelopment Plan (or shall confirm, following finalization of the pending Redevelopment Plan amendment) that is in effect for the area that includes the project site and with any Redevelopment Agreement as may be in place between the municipality and the Applicant.

B. The project either (1) conforms to the Master Plan of the municipality; or (2) to the extent that the Redevelopment Plan is inconsistent with the Master Plan, the project conforms to the Redevelopment Plan and the Municipal Council, in adopting the Redevelopment Plan, set forth its reasons for adopting a Redevelopment Plan with such inconsistencies.

C. The project will conform to and the Applicant agrees to comply with all Federal and State laws and to all applicable municipal ordinances.

D. Construction of the project has not commenced as of the time of the submission of this application. The Applicant understands that the Municipal Council is under no obligation to approve this tax exemption application. Any work done on the assumption of receipt of a tax exemption following the submission of the application and before final approval is undertaken at the risk of the Applicant. **Under no circumstances will an exemption be granted for a project that has already reached substantial completion.**

E. No officer or employee of the municipality has any interest, directly or indirectly, in the project that is the subject of this application.

[signatures appear on the following page]

SIGNATURES

By my signature below, I hereby submit this long term tax exemption application on behalf of the Applicant. I certify that all of the information contained herein, including, but not limited to the information contained in the Exhibits attached hereto, is true and accurate to the best of my knowledge and belief. I am aware that if any of the information provided is willfully false that I am subject to prosecution.

For the Applicant:



Name: Stephen Sciaretta 7/7/22
Date
Title: Authorized Signatory

Notarize here or
provide attestation and
seal of corporate secretary

Laura A. Hill

LAURA A. HILL
NOTARY PUBLIC OF NEW JERSEY
My Commission No.: 2024116
My Commission Expires
from Jan 15, 2022 - Jan 15, 2027

EXHIBITS

The following is a checklist of required exhibits that must be attached to the application and are hereby incorporated as if set forth at length in the application:

<u>Exhibit #</u>	<u>Description</u>	<u>Included?</u>
1	Disclosure of Ownership	___
2	Certificate of Incorporation	___
3	Certificate of DCA Approval of Urban Renewal Entity	___
4	Resolution Authorizing Submission of Application	___
5	Metes and Bounds Description	___
6	Survey	___
7	Copy of Deed or Lease Agreement	___
8	Narrative Description of Project	___
9	Site Plan as Approved by Planning Board	___
10	Site Plan Approval Resolution	___
11	Total Project Cost Estimate (certified by architect or engineer)	___
12	Cost Estimates for Each Unit Type (certified by architect or engineer)	___
13	Project Pro-Forma	___
14	Project Financing Plan	___
15	Private Financing Commitments	___
16	Explanation of the Need for Tax Exemption	___
17	Project Schedule	___
18	Summary of Project Benefits	___
19	Form of Financial Agreement	___

EXHIBIT 1-A
DISCLOSURE OF OWNERSHIP

Instructions

New Jersey law (*N.J.S.A. 52:25-24.2*) requires that all corporations and partnerships seeking a public contract submit a list of the names and addresses of all principals who own more than 10% of any class of stock, or 10% or more of the total stock (if a corporation), or 10% or more of the partnership. In addition, if the Applicant has as one or more of its owners a corporation or partnership, the ownership of those entities must be similarly disclosed, and that process shall continue down the entire chain of ownership until the names and addresses of every unincorporated stockholder and/or individual partner with more than a 10% interest are disclosed.

This information must be provided on the form attached hereto as Exhibit 1-B entitled “Disclosure of Ownership.” Separate forms should be used for each corporation or partnership included in the chain of ownership. Each form must be signed by an officer of the corporation and be attested to by the secretary (if a corporation) or by all partners (if a partnership). Partnership forms must be notarized as well.

Failure to properly complete this disclosure statement or to submit such statement as part of the application will be grounds for the application to be rejected.

EXHIBIT 1-B
DISCLOSURE OF OWNERSHIP

Current Owners of Patterson Street Urban Renewal, LLC

<u>Name</u>	<u>Home Address</u>	<u>% of Owners</u>
1. Claremont Development LLC	32 Mount Kemble Avenue Morristown, NJ 07960	50%
2. March Development LLC	31 Springbrook Road, Morristown, NJ 07960	50%

Current Owners of Claremont Development LLC

<u>Name</u>	<u>Home Address</u>	<u>% of Owners</u>
Richard Sciaretta	90 Spring Hollow Road Far Hills, NJ 07931	33.33%
Maximilian Dorne	2 Slattery Lane Whippany, NJ 07981	33.33%
Jeff Bastow	14 Colchester Road New Providence, NJ 07974	33.33%

Current Owners of March Development LLC


<u>Name</u>	<u>Home Address</u>	<u>% of Owners</u>
Anthony L. Marchigiano	25 Edgehill Avenue Chatham, NJ 07928	50%
Justin Marchigiano	31 Springbrook Road, Morristown, NJ 07960	50%

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed
this 7th day of July, 2022.



Stephen Sciaretta
Authorized Signatory

Sworn and Subscribed before
me this 7th day of July, 2022


(Notary Public)

LAURA A. HILL
NOTARY PUBLIC OF NEW JERSEY
My Commission No.: 2024116
My Commission Expires
from Jan 15, 2022 - Jan 15, 2027

EXHIBIT 2
CERTIFICATE OF FORMATION

LLC

CERTIFICATE OF FORMATION

OF

PATTERSON STREET URBAN RENEWAL

FILED
APR 28 2022
STATE TREASURER

06004770

THE UNDERSIGNED, of the age of eighteen years or over, for the purpose of forming a limited liability company pursuant to the provisions of Title 42:2C, the New Jersey Limited Liability Company Act, of the New Jersey Statutes, and Title 40A:20, the New Jersey Long Term Tax Exemption Law, of the New Jersey Statutes, does hereby execute the following Certificate of Formation:

FIRST: The name of the Company is "PATTERSON STREET URBAN RENEWAL, LLC" (the "Company").

SECOND: The address of the Company's initial registered agent in the State of New Jersey is Stephen Sciaretta, 32 Mount Kemble Avenue, Morristown, NJ 07960.

THIRD: (a) The purposes for which this Company is formed shall be to operate under P.L.1991, c.431 (C.40A:20-1 et seq.) and to initiate and conduct projects for the redevelopment of a redevelopment area pursuant to a redevelopment plan, or projects necessary, useful, or convenient for the relocation of residents displaced or to be displaced by the redevelopment of all or part of one or more redevelopment areas, or low and moderate income housing projects and, when authorized by financial agreement with the BOROUGH OF HILLSDALE (the "Municipality"), to acquire, plan, develop, construct, alter, maintain or operate housing, senior citizen housing, business, industrial, commercial, administrative, community, health, recreational, educational or welfare projects, or any combination of two or more of these types of improvement in a single project, under such conditions as to use, ownership, management and control as regulated pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.).

(b) So long as the Company is obligated under financial agreement with the Municipality made pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), it shall engage in no business other than the ownership, operation and management of the project.

(c) The Company has been organized to serve a public purpose. Its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced, or to be displaced, by redevelopment, or the conduct of low and moderate income housing projects; (2) the acquisition, management and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L.1991, c.431 (C.40A:20-1 et seq.). The Company shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as the Company remains the owner of a project subject to the terms of P.L.1991, c.431 (C.40A:20-1 et seq.).

(d) The Company shall not voluntarily transfer more than ten percent (10%) of the ownership of the project, or any portion of a project undertaken by it under P.L.1991, c.431 (C.40A:20-1 et seq.), until it has first removed both itself and the project from all restrictions of P.L.1991, c.431 (C.40A:20-1 et seq.) in the manner required by P.L.1991, c.431 (C.40A:20-1 et seq.) and, if the project includes housing units, has obtained the consent of the Commissioner of Community Affairs to such transfer; with the exception of transfer to another urban renewal entity, as approved by the Municipality, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the municipality. The Company shall file annually with the governing body of the municipality a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the Company itself provided that the transfer, if greater than 10% (ten percent), is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the Municipality in advance of the annual disclosure statement referred to above.

(e) The Company shall be subject to the provisions of Section 18 of P.L.1991, c.431 (C.40A:20-18) respecting the powers of the municipality to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.

(f) Any housing units constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commissioner of Community Affairs.

FOURTH: The Company shall have perpetual existence.

FIFTH: The effective date of this Certificate of Formation shall be the date of filing with the State of New Jersey Department of Treasury.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on this 18th day of March, 2022.



Nicole E. Charpentier, Esq.



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL PLANNING SERVICES
101 SOUTH BROAD STREET
PO Box 813
TRENTON, NJ 08625-0813
(609) 292-3000 • FAX (609) 633-6056

PHILIP D. MURPHY
Governor

LT. GOVERNOR SHEILA Y. OLIVER
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer
RE: PATTERSON STREET URBAN RENEWAL, LLC
File # 3295
An Urban Renewal Entity

This is to certify that the attached CERTIFICATE OF FORMATION OF AN URBAN RENEWAL ENTITY has been examined and approved by the Department of Community Affairs, pursuant to the power vested in it under the "Long Term Tax Exemption Law," P.L. 1991, c.431.

Done this 26th day of April 2022 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By: 

Sean Thompson, Director
Local Planning Services

P E A R L M A N & M I R A N D A, L L C

Nicole E. Charpentier
110 Edison Place, Suite 301
Newark, NJ 07102
Telephone: 973-707-3679
Fax: 973-556-1289
ncharpentier@pearlmanmiranda.com

April 28, 2022

Facsimile: (609) 984-6851
New Jersey Department of Treasury
Division of Revenue
P.O. Box 308
Trenton, New Jersey 08646

**Re: DIVISION OF REVENUE FACSIMILE FILING SERVICE REQUEST
CERTIFICATE OF FORMATION (EXPEDITED SERVICE) FOR
PATTERSON STREET URBAN RENEWAL, LLC**

Ladies and Gentlemen:

Attached please find a Certificate of Formation for the above captioned entity, together with the approval letter from the New Jersey Department of Community Affairs.

We are requesting Facsimile Filing Service on an expedited basis for the filing of the attached documents. Kindly charge this firm's credit card listed below for the appropriate filing and fees. Further, please fax the filed copies and a receipt for filing fees to my attention at (973) 556-1289.

VISA Card # 4246 3152 1527 0735
Exp 12/2023
Name on card: Isabel Miranda, Pearlman & Miranda, LLC
Address: 110 Edison Place, Suite 301, Newark, New Jersey 07102

Please do not hesitate to contact me with any questions or issues. Thank you for your assistance.

Very truly yours,

Isi Nicole E. Charpentier

Nicole E. Charpentier

Enclosures

EXHIBIT 3
CERTIFICATE OF APPROVAL OF URBAN RENEWAL ENTITY
FROM THE NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS (DCA)



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL PLANNING SERVICES
101 SOUTH BROAD STREET
PO Box 813
TRENTON, NJ 08625-0813
(609) 292-3000 • FAX (609) 633-6056

PHILIP D. MURPHY
Governor

LT. GOVERNOR SHEILA Y. OLIVER
Commissioner

April 26, 2022

Ms. Nicole E. Charpentier, Esq.
Pearlman & Miranda, LLC
110 Edison Place
Suite 301
Newark, NJ 07102

Dear Ms. Charpentier:

Enclosed is the approval of the Certificate of Formation for PATTERSON STREET URBAN RENEWAL, LLC. Please return a marked copy of the approval form and the Certificate to this office once it is filed and stamped by the State Treasurer. You can either mail a copy or e-mail a copy to me at UrbanRecert@dca.nj.gov.

Thank you for your cooperation in this matter. If you have any questions, please call me at 609-633-2133.

Sincerely,

Pamela R. Weintraub
Pamela R. Weintraub, PP/AICP
Principal Planner
Local Planning Services



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL PLANNING SERVICES
101 SOUTH BROAD STREET
PO Box 813
TRENTON, NJ 08625-0813
(609) 292-3000 • FAX (609) 633-6056

PHILIP D. MURPHY
Governor

LT. GOVERNOR SHEILA Y. OLIVER
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer
RE: PATTERSON STREET URBAN RENEWAL, LLC
File # 3295
An Urban Renewal Entity

This is to certify that the attached CERTIFICATE OF FORMATION OF AN URBAN RENEWAL ENTITY has been examined and approved by the Department of Community Affairs, pursuant to the power vested in it under the "Long Term Tax Exemption Law," P.L. 1991, c.431.

Done this 26th day of April 2022 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By: 
Sean Thompson, Director
Local Planning Services

CERTIFICATE OF FORMATION
OF
PATTERSON STREET URBAN RENEWAL, LLC

THE UNDERSIGNED, of the age of eighteen years or over, for the purpose of forming a limited liability company pursuant to the provisions of Title 42:2C, the New Jersey Limited Liability Company Act, of the New Jersey Statutes, and Title 40A:20, the New Jersey Long Term Tax Exemption Law, of the New Jersey Statutes, does hereby execute the following Certificate of Formation:

FIRST: The name of the Company is "PATTERSON STREET URBAN RENEWAL, LLC" (the "Company").

SECOND: The address of the Company's initial registered agent in the State of New Jersey is Stephen Sciarretta, 32 Mount Kemble Avenue, Morristown, NJ 07960.

THIRD: (a) The purposes for which this Company is formed shall be to operate under P.L.1991, c.431 (C.40A:20-1 et seq.) and to initiate and conduct projects for the redevelopment of a redevelopment area pursuant to a redevelopment plan, or projects necessary, useful, or convenient for the relocation of residents displaced or to be displaced by the redevelopment of all or part of one or more redevelopment areas, or low and moderate income housing projects and, when authorized by financial agreement with the BOROUGH OF HILLSDALE (the "Municipality"), to acquire, plan, develop, construct, alter, maintain or operate housing, senior citizen housing, business, industrial, commercial, administrative, community, health, recreational, educational or welfare projects, or any combination of two or more of these types of improvement in a single project, under such conditions as to use, ownership, management and control as regulated pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.).

(b) So long as the Company is obligated under financial agreement with the Municipality made pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), it shall engage in no business other than the ownership, operation and management of the project.

(c) The Company has been organized to serve a public purpose. Its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced, or to be displaced, by redevelopment, or the conduct of low and moderate income housing projects; (2) the acquisition, management and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L.1991, c.431 (C.40A:20-1 et seq.). The Company shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as the Company remains the owner of a project subject to the terms of P.L.1991, c.431 (C.40A:20-1 et seq.).

(d) The Company shall not voluntarily transfer more than ten percent (10%) of the ownership of the project, or any portion of a project undertaken by it under P.L.1991, c.431 (C.40A:20-1 et seq.), until it has first removed both itself and the project from all restrictions of P.L.1991, c.431 (C.40A:20-1 et seq.) in the manner required by P.L.1991, c.431 (C.40A:20-1 et seq.) and, if the project includes housing units, has obtained the consent of the Commissioner of Community Affairs to such transfer; with the exception of transfer to another urban renewal entity, as approved by the Municipality, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the municipality. The Company shall file annually with the governing body of the municipality a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the Company itself provided that the transfer, if greater than 10% (ten percent), is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the Municipality in advance of the annual disclosure statement referred to above.

(e) The Company shall be subject to the provisions of Section 18 of P.L.1991, c.431 (C.40A:20-18) respecting the powers of the municipality to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.

(f) Any housing units constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commissioner of Community Affairs.

FOURTH: The Company shall have perpetual existence.

FIFTH: The effective date of this Certificate of Formation shall be the date of filing with the State of New Jersey Department of Treasury.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on this 18th day of March, 2022.



Nicole E. Charpentier, Esq.

Nicole E. Charpentier
110 Edison Place, Suite 301
Newark, NJ 07102
Telephone: 973-707-3679
Fax: 973-893-5962
ncharpentier@pearlmanmiranda.com

VIA OVERNIGHT MAIL AND EMAIL

March 18, 2022

NJ DCA, Local Planning Services
101 South Broad Street, PO Box 813
Trenton, New Jersey 08625-0813
UrbanRecert@dca.nj.gov

#3295
RECEIVED
MAR 20 2022

Re: Patterson Street Urban Renewal, LLC

To Whom It May Concern:

Enclosed please find an original and five (5) copies of an Urban Renewal Entity Disclosure Form and Certificate of Formation for Patterson Street Urban Renewal, LLC. Kindly process same for DCA approval of the proposed urban renewal entity.

If you have any questions or require any additional information, please call.

Very truly yours,



Nicole E. Charpentier

Enclosures

**NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
OFFICE OF LOCAL PLANNING SERVICES
PO BOX 813
TRENTON, NEW JERSEY 08625-0813**

**URBAN RENEWAL ENTITIES
DISCLOSURE INFORMATION**

Instructions for Completion: You have filed an application for approval of an urban renewal entity pursuant to the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.). In order for us to process the application, we require that you provide the following information and forward this form to the above address or fax it to (609) 633-6056. This form must be completed prior to DCA approval of the entity. If you have any questions, please call Pamela Weintraub at (609) 633-2133 or email Pamela.Weintraub@dca.nj.gov.

Name of Urban Renewal Entity: Patterson Street Urban Renewal, LLC

SECTION 1: TYPE OF APPROVAL REQUESTED (check one):

- Original Certificate (of incorporation, limited partnership, formation, etc.)
- Amendment to original certificate (of incorporation, limited partnership, formation, etc.). Note: In the case of amendments, please forward a copy of original certificate marked "filed, State Treasurer" or "filed, Secretary of State" with this form.
- Other (please specify) _____

SECTION 2: PROJECT INFORMATION

Project Name: Hillsdale - Patterson Street Redevelopment Plan

Project Street Address: 131 and 145 Patterson Street; 60 and 77 Brookside Place

Project Block Number(s) 1210
1211

Project Lot Number(s) 10 and 11
1 and 2

Municipality in which the Project is located Borough of Hillsdale

County in which the Project is located Bergen County

SECTION 3 (For project listed in SECTION 2. Check one.)

- This project is solely a commercial project (with no housing units) developed in a redevelopment area pursuant to a municipal redevelopment plan.
- 2. This project consists solely of market rate housing units developed in a redevelopment area pursuant to a municipal redevelopment plan.
- 3. The project consists of low and moderate income housing units, which may include senior citizen low and moderate income housing units.
- 4. This project consists of mixed uses (Specify type).
 - Market rate and low and moderate income housing.
 - Commercial and market rate housing.
 - Commercial and low and moderate income housing.
 - Other (please describe). _____

NOTE: If you checked 1 or 2, complete **SECTIONS 4, 6, and 7.**
If you checked 3, complete **SECTION 5, 6, and 7.**
If you checked 4, complete **SECTIONS 4, 5, 6, and 7.**

SECTION 4: REDEVELOPMENT PLAN INFORMATION

Name of Municipal Redevelopment Agency Borough of Hillsdale

Citation of municipal ordinance adopting the redevelopment plan Ord. No. 20-15

For housing projects, complete the following:

Specify type and number of units as applicable:

- Condominium units _____
- Market rate rental 230
- Low and moderate income in mixed use projects 20
- Senior citizen in mixed use projects _____
- Other (please specify) _____

Total number of units 250

SECTION 5: PROJECT FUNDING SOURCES

The low and moderate income housing project will be financed or insured by which of the following (check all applicable):

- Private funds (Please specify) Developer funded
- State or Federal financing or insuring agencies (Please specify below)
- Other (Please specify) _____

State or Federal Financing or Insuring Agencies for the Project (check all that apply):

NJ Department of Community Affairs:

- Neighborhood Preservation Balanced Housing
- HOME – CHDO Production (Community Housing Development Organizations) Program
- HOME – Housing Production Investment Fund
- National Housing Trust Fund

NJ Redevelopment Authority:

- NJ Urban Site Acquisition Program

US Department of Housing and Urban Development (HUD):

- Section 811 Supportive Housing for Persons with Disabilities
- Section 202 Supportive Housing for the Elderly
- HOPE VI Grants
- HOME Program

US Department of Agriculture:

- Rural Resources Administration (formerly Farmers' Home Administration)

Other (Please specify):

NJ Housing and Mortgage Finance Agency:

- NJ Community Housing Demo Program (developmental disabilities)
- NJ Supportive Housing Connection Program
- CHOICE Program
- Special Needs Housing Partnership Program
- Multifamily Rental Housing Program
- Multifamily Conduit Bond Program
- Public Housing Construction and Permanent Loan Program
- Sandy Special Needs Housing Fund
- Rental Housing Incentive Finance Fund
- 100% Mortgage Program
- Urban Home Ownership Recovery Program
- Low-Income Housing Tax Credit Allocation Program
- Money Follows the Person Housing Partnership Program
- Section 811 Project Based Rental Assistance Program
- Fund for Restoration of Multifamily Housing (FRM)
- Fund for restoration of Multifamily Housing -Public Housing Authority Set -Aside

List the information of the State or Federal financing or insuring agency's contact person:

Name: _____

Title: _____

Department/Agency: _____

Address: _____

Telephone Number: _____

SECTION 6: PROJECT CONSTRUCTION/OWNERSHIP (check all that apply)

- 1. The project is new construction.
- 2. An existing project is being rehabilitated.
If rehab, specify name of individual, entity, etc. who is the current owner of the project.

3. Ownership of an existing project is being transferred to the new urban renewal entity.
If transfer, specify name of individual, entity, etc. from whom the project is being or has been transferred. _____

Is the transferor entity a limited dividend corporation or association, established pursuant to the Limited Dividend and Non Profit Housing Corporations and Associations Law, N.J.S.A. 55:16-1 et seq.? (yes or no) _____

Is the transferor entity a limited dividend corporation or association, established pursuant to the Limited Dividend and Nonprofit Housing Corporations and Associations Law, N.J.S.A.55:16-1 et seq.? (yes or no) _____

Has the project ever been subject to a deed restriction, as a limited dividend project, pursuant to the Limited Dividend and Nonprofit Housing Corporations and Associations Law, N.J.S.A.55:16-1 et seq.? (yes or no) _____

Is the transferor entity an existing urban renewal entity established pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq.? (yes or no) _____

- 4. Has this project caused or will this project cause displacement of individuals or businesses? (yes or no) No


SECTION 7: CERTIFICATION

NOTE: This certification must be completed by an individual authorized to execute the certificate of incorporation (incorporator), the certificate of limited partnership (general partner), or other similar certificate or statement as may be required by law.

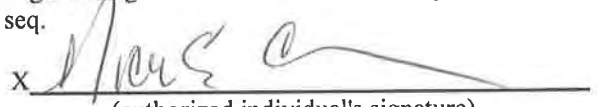
CERTIFICATION

I attest that the information stated herein is truthful and accurate to the best of my knowledge and understand that failure to fully and accurately disclose any information may delay processing the application while the Department investigates the application and project. Further, I understand that any project of the urban renewal entity may be subject to additional Department review and approval, pursuant to the requirements of the Limited Dividend and Nonprofit Corporations or Associations Law, N.J.S.A. 55:16-1 et seq., the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., and/or rules governing Limited Dividend and Nonprofit Housing Corporations and Associations and Urban Renewal Entities, N.J.A.C. 5:13-1 et seq.

Sworn to me and subscribed before me this day of
(mo/day/year) March 17, 2022



Adam L. Peterson, Esq., Attorney at Law
(notary public/attorney)

x 

(authorized individual's signature)

Nicole E. Charpentier, Esq.
(print name of authorized individual)

EXHIBIT 4
RESOLUTION AUTHORIZING SUBMISSION OF APPLICATION

**RESOLUTION OF THE MEMBERS OF
PATTERSON STREET URBAN RENEWAL, LLC**

The undersigned, being the managing member (the “Managing Member”) of Patterson Street Urban Renewal, LLC, a New Jersey limited liability company (the “Company” or “Entity”), do hereby acknowledge the following recitals, and adopt and approve the following resolution as the act of the Managing Member of the Company as of the 7th day of July, 2022:

WHEREAS, the Company was formed to operate under P.L. 1991, c. 431 (C.40A:20-1 et seq.) and to implement and complete a project (the “Redevelopment Project”) for the redevelopment of a redevelopment area pursuant to a redevelopment plan, and in furtherance of this purpose, the Company intends to submit to the Borough of Hillsdale (the “Borough”) an application for tax abatement pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. (the “Application”) and for the approval of a financial agreement memorializing such tax abatement (the “Financial Agreement”);

WHEREAS, the Local Redevelopment and Housing Law (N.J.S.A. 40A:12A-1 et seq.) as amended and supplemented (the “Redevelopment Law”) promotes the social and economic improvement of the State of New Jersey (the “State”) and its several municipalities, in part, by providing a process for the redevelopment, rehabilitation and improvement of residential, commercial, and industrial facilities;

WHEREAS, pursuant to the Redevelopment Law, the Redevelopment Project is a redevelopment project in a redevelopment area, within the meaning of such law;

WHEREAS, the Managing Member deems it to be in the best interest of the Company to submit the Application and, if approved, enter into the Financial Agreement, and that the Company shall benefit from the transactions described herein.

NOW, THEREFORE, BE IT RESOLVED, that the Company be, and hereby is authorized and directed to file the Application and, if approved, enter into, negotiate, and execute the Financial Agreement, substantially in the form included in the Application.

FURTHER RESOLVED, the Company, shall be and hereby is authorized and directed to file the Application and, if approved, execute the Financial Agreement, substantially in the form included in the Application.

FURTHER RESOLVED, that the authority conferred upon the Company by this written resolution shall remain in full force and effect until written notice of revocation.

[signatures appear on the following page]

IN WITNESS WHEREOF, the undersigned has executed this written consent as of the day first written above.

PATTERSON STREET URBAN RENEWAL LLC,
By Claremont Development LLC

By: 

Stephen Sciaretta
Authorized Signatory

EXHIBIT 5
METES AND BOUNDS DESCRIPTION

Upon the vacation by the Borough of all or a portion of Brookfield Place, the metes and bounds description for the project site shall be updated pursuant to process set forth in the form Financial Agreement attached hereto as Exhibit 19, to incorporate such vacated portion of Brookfield Place.

STONEFIELD

PROPERTY DESCRIPTION – BLOCK 1211, LOTS 1 & 2

ALL THAT CERTAIN LOT, TRACT OR PARCEL OF LAND, WITH THE BUILDINGS AND IMPROVEMENTS THEREON ERECTED, SITUATE, LYING AND BEING IN THE BOROUGH OF HILLSDALE, COUNTY OF BERGEN, STATE OF NEW JERSEY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING THE INTERSECTION OF THE SOUTHERLY LINE OF KNICKERBOCKER AVENUE (50 FEET WIDE) AND THE WESTERLY LINE OF PATTERSON STREET (36 FEET WIDE), SAID POINT HAVING COORDINATES N: 792,292.38 E: 617,947.66 IN THE NEW JERSEY STATE PLANE COORDINATE SYSTEM, THENCE

1. ALONG SAID WESTERLY LINE OF PATTERSON STREET, ON A CURVE TO THE LEFT, HAVING A RADIUS OF 1,976.00 FEET, AN ARC LENGTH OF 235.66 FEET, A DELTA ANGLE OF 06 DEGREES 50 MINUTES 21 SECONDS, A CHORD BEARING OF SOUTH 04 DEGREES 05 MINUTES 47 SECONDS EAST AND A CHORD LENGTH OF 235.72 FEET TO A POINT OF REVERSE CURVATURE; THENCE
2. ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 22.00 FEET, AN ARC LENGTH OF 34.07 FEET, A DELTA ANGLE OF 88 DEGREES 43 MINUTES 49 SECONDS, A CHORD BEARING OF SOUTH 36 DEGREES 51 MINUTES 07 SECONDS WEST AND A CHORD LENGTH OF 30.77 FEET TO A POINT OF TANGENCY; THENCE
3. ALONG THE NORTHERLY LINE OF BROOKSIDE AVENUE (VARIABLE WIDTH), SOUTH 81 DEGREES 13 MINUTES 02 SECONDS WEST, 70.40 FEET, TO A POINT OF CURVATURE; THENCE
4. ALONG THE SAME, ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 446.05 FEET, AN ARC LENGTH OF 79.79 FEET, A DELTA ANGLE OF 10 DEGREES 14 MINUTES 57 SECONDS, A CHORD BEARING OF NORTH 86 DEGREES 17 MINUTES 45 SECONDS WEST, AND A CHORD LENGTH OF 79.68 FEET TO A POINT OF TANGENCY; THENCE
5. ALONG THE SAME, NORTH 88 DEGREES 34 MINUTES 46 SECONDS WEST, 61.61 FEET TO A POINT, SAID POINT BEING A FOUND MAG; THENCE
6. ALONG THE SAME, NORTH 81 DEGREES 13 MINUTES 02 SECONDS EAST, 341.48 FEET TO A POINT ON THE EASTERLY LINE OF PROSPECT PLACE (50' WIDE); THENCE
7. ALONG THE EASTERLY LINE OF PROSPECT PLACE, NORTH 08 DEGREES 46 MINUTES 58 SECONDS WEST, 238.48 FEET TO A POINT ON THE SOUTHERLY LINE OF KNICKERBOCKER AVENUE; THENCE
8. ALONG SAID SOUTHERLY LINE OF KNICKERBOCKER AVENUE, NORTH 81 DEGREES 13 MINUTES 02 SECONDS EAST, 593.14 FEET TO THE POINT AND PLACE OF BEGINNING

TOTAL AREA = 141,697 SQUARE FEET OR 3.252 ACRES OF LAND MORE OR LESS.

PROPERTY DESCIPRTION - BLOCK 1210, LOTS 10 & 11

ALL THAT CERTAIN LOT, TRACT OR PARCEL OF LAND, WITH THE BUILDINGS AND IMPROVEMENTS THEREON ERECTED, SITUATE, LYING AND BEING IN THE BOROUGH OF HILLSDALE, COUNTY OF BERGEN, STATE OF NEW JERSEY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

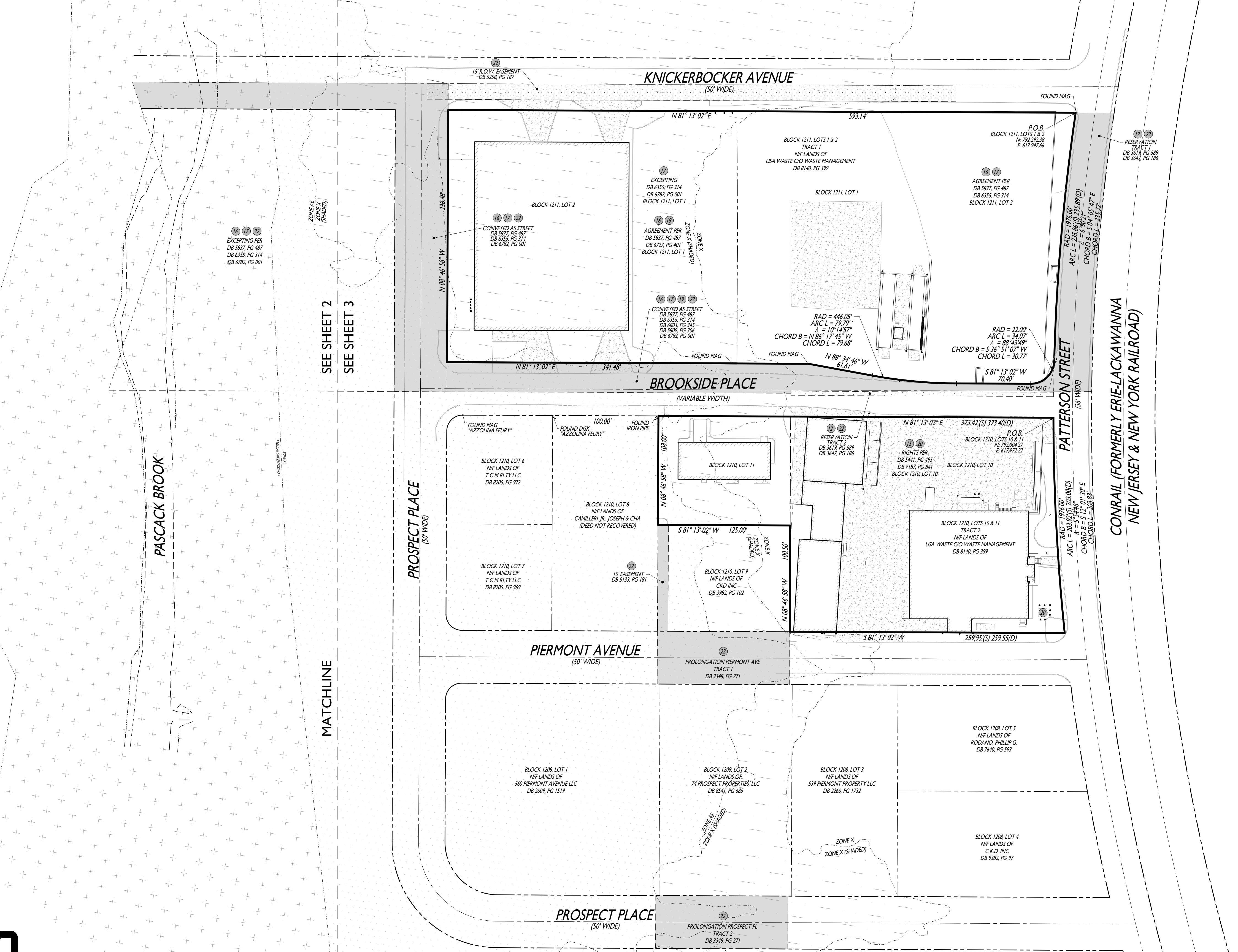
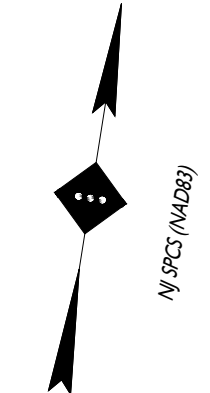
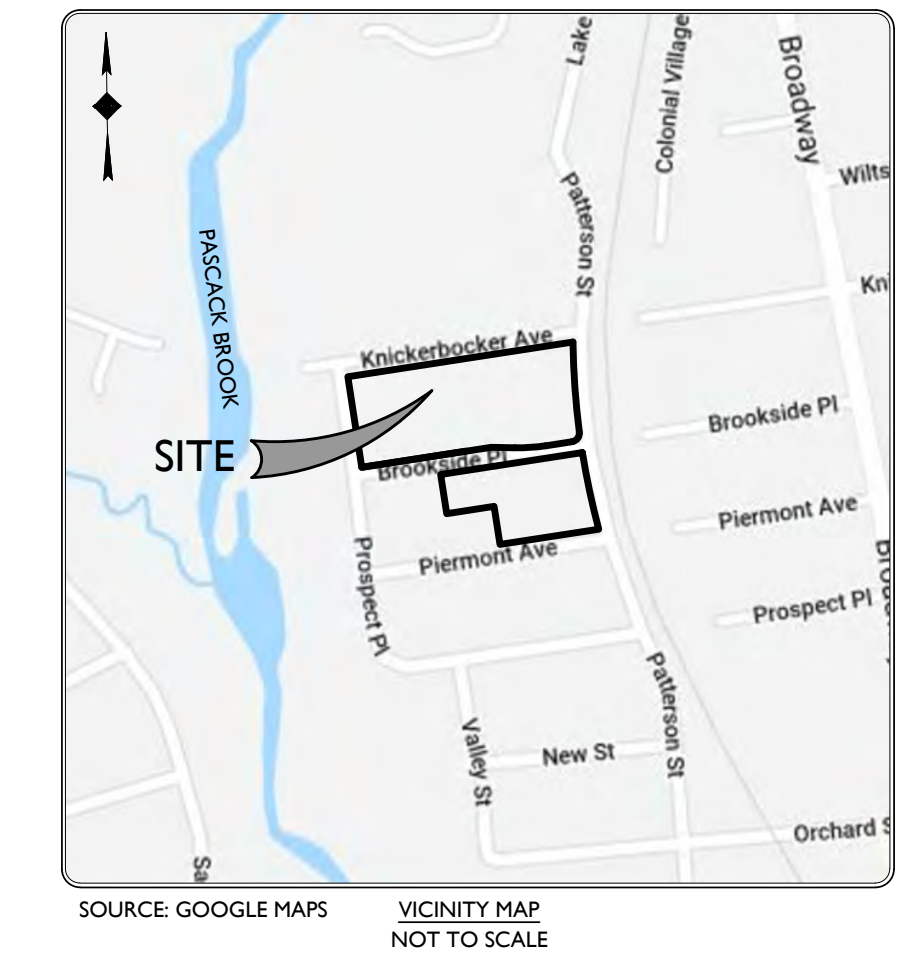
BEGINNING AT A POINT, SAID POINT BEING THE INTERSECTION OF THE SOUTHERLY LINE OF BROOKSIDE PLACE (VARIABLE WIDTH) AND THE WESTERLY LINE OF PATTERSON STREET (36 FEET WIDE), SAID POINT HAVING COORDINATES N: 792,004.27 E: 617,972.22 IN THE NEW JERSEY STATE PLANE COORDINATE SYSTEM, THENCE

1. ALONG SAID WESTERLY LINE OF PATTERSON STREET, ON A CURVE TO THE LEFT, HAVING A RADIUS OF 1,976.00 FEET, AN ARC LENGTH OF 203.92 FEET, A DELTA ANGLE OF 05 DEGREES 54 MINUTES 46 SECONDS, A CHORD BEARING OF SOUTH 12 DEGREES 01 MINUTES 30 SECONDS EAST AND A CHORD LENGTH OF 203.83 FEET TO A POINT ON THE NORTHERLY LINE OF PIERMONT AVENUE (50 FEET WIDE); THENCE
2. ALONG SAID NORTHERLY LINE OF PIERMONT AVENUE, SOUTH 81 DEGREES 13 MINUTES 02 SECONDS WEST, 259.95 FEET, TO A POINT; THENCE
3. ALONG THE DIVIDING LINE OF LOT 11 AND LOT 9, BLOCK 1210, NORTH 08 DEGREES 46 MINUTES 58 SECONDS WEST, 100.50 FEET TO A POINT; THENCE
4. ALONG THE DIVIDING LINE OF LOT 10 AND LOT 9, BLOCK 1210, SOUTH 81 DEGREES 13 MINUTES 02 SECONDS WEST, 125.00 FEET TO A POINT; THENCE
5. ALONG THE DIVIDING LINE OF LOT 10 AND LOT 8, BLOCK 1210, NORTH 08 DEGREES 46 MINUTES 58 SECONDS WEST, 103.00 FEET TO A POINT ON THE AFOREMENTIONED SOUTHERLY LINE OF BROOKSIDE PLACE; THENCE
6. ALONG SAID SOUTHERLY LINE OF BROOKSIDE PLACE, NORTH 81 DEGREES 13 MINUTES 02 SECONDS EAST, 373.42 FEET TO THE POINT AND PLACE OF BEGINNING

TOTAL AREA = 64,245 SQUARE FEET OR 1.474 ACRES OF LAND MORE OR LESS.

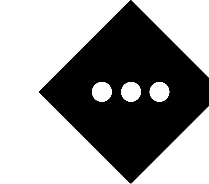
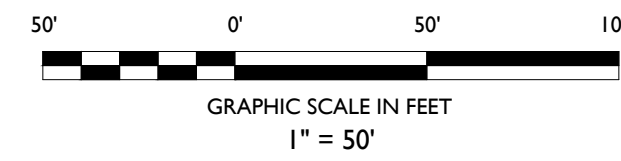
Z:\Rutherford\RUT\2021\RUT-210249 Claremont Development - 60 Brookside Place, Hillsdale, NJ\Correspondence\Outgoing\Client & Project Team\2022-07-07_Property Description.docx

EXHIBIT 6
SURVEY



SEE SHEET 2
SEE SHEET 3

OVERALL



STONEFIELD
engineering & design

Rutherford, NJ · New York, NY
Princeton, NJ · Tampa, FL · Detroit, MI
www.stonefielddeng.com

Headquarters: 92 Park Avenue, Rutherford, NJ 07070
Phone 201.340.4468 · Fax 201.340.4472

ALTA / NSPS LAND TITLE SURVEY

MAP OF SURVEY OF:
BLOCK 1211, LOT 1 - (145 PATTERSON STREET)
BLOCK 1211, LOT 2 - (60 BROOKSIDE PLACE)
BLOCK 1210, LOT 10 - (131 PATTERSON STREET)
BLOCK 1210, LOT 11 - (77 BROOKSIDE PLACE)
BOROUGH OF HILLSDALE
COUNTY OF BERGEN, NEW JERSEY

ISSUE	DATE	BY	FIELD DATE	FIELD CREW	DESCRIPTION
2	10/05/2021	DJS	-	-	ALTA UPDATE
1	9/23/2021	DJS	9/16/2021	AW	FOR ISSUE

THIS IS TO DECLARE THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2021 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS, AND INCLUDES ITEMS 2, 3, 4, 8, 9 & 13 OF TABLE A THEREOF.

THE FIELDWORK WAS COMPLETED ON OCTOBER 1, 2021

THOMAS F. MILLER
NEW JERSEY LAND SURVEYOR No. 24GS03626400
LICENSED PROFESSIONAL LAND SURVEYOR
NEW JERSEY CERTIFICATE OF AUTHORIZATION No. 24GA28184500



Know what's below
Call before you dig.

EXHIBIT 7
COPY OF DEED, PURCHASE AND SALE AGREEMENT OR LEASE AGREEMENT

AGREEMENT OF PURCHASE AND SALE

By and Between

WASTE MANAGEMENT OF NEW JERSEY, INC.
(as Seller)

and

CLAREMONT PROPERTIES ACQUISITIONS LLC
(as Purchaser)

Dated: September 7, 2021

Relating to:

Sale and Purchase of a Portion of Certain Property
Located in:

Block 1211; Lots 1 & 2
Block 1210, Lots 10 & 11
Hillsdale, New Jersey

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this "**Agreement**") is made and entered this 7 day of September, 2021 ("Effective Date" and date this Agreement is fully executed by the parties and delivered) by and between WASTE MANAGEMENT OF NEW JERSEY, INC., a New Jersey corporation (the "**Seller**"), and CLAREMONT PROPERTIES ACQUISITIONS LLC, a New Jersey limited liability company ("**Purchaser**").

W I T N E S S E T H:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

GENERAL

1.1 **Agreement to Sell and Purchase.** Seller hereby agrees to sell and convey to Purchaser, and Purchaser hereby agrees to purchase and accept from Seller, for the Purchase Price (hereinafter defined) and upon and subject to the terms and conditions hereinafter set forth, all of the following described property (hereinafter referred to collectively as the "**Property**"):

- (a) consisting of approximately ___ acres located in Hillsdale, New Jersey and identified as Block 1211; Lots 1 & 2 and Block 1210, Lots 10 & 11, and as more particularly depicted on **Exhibit A** attached hereto ("**Real Property**");
- (b) all buildings and improvements located on the Real Property and all of Seller's right, title, and interest in and to any and all fixtures attached thereto used in connection with the operation of the building (collectively, the "**Improvements**");
- (c) all rights appurtenant to the Real Property, if any, including without limitation, any strips and gores abutting the Real Property, and any land lying in the bed of any street, road, or avenue in front of, or adjoining the Real Property, to the center line thereof; and
- (d) All rights and appurtenances pertaining to the Real Property hereto.

Notwithstanding anything herein to the contrary, "Property" does not include any Seller's operating permits, including its transfer station permit, fixtures (trade or otherwise), furniture, equipment, and/or any items leased from third parties.

1.2 **Purchase Price.** Subject to the adjustments and prorations hereinafter provided, the aggregate purchase price (the "**Purchase Price**") to be paid for the Property shall be equal to

THIRTEEN MILLION AND NO/100 DOLLARS (\$13,000,000.00) plus an additional FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) for each additional approved market rate residential unit in excess of 216 units as reflected on Purchaser's final site plan and consistent with the Approvals and Permits (as defined herein)¹, payable as follows:

- (a) Upon Purchaser's receipt of a fully-executed copy of this Agreement, the sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) shall be deposited by Purchaser in escrow with Purchaser's Title Company - Couch Braunsdorf Insurance Group, Inc. (the "**Title Company**") as its "**Initial Deposit**". The Initial Deposit shall be fully refundable until the date which is 180 days from the Effective Date ("**First Release Date**"). Unless Purchaser has terminated this Agreement on or before the First Release Date pursuant to a right provided for herein, the Initial Deposit shall be released and paid to the Seller, but applicable to the Purchase Price in the event the Closing shall occur; and
- (b) Upon expiration of the Inspection Period (as defined below), the additional sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) shall be deposited by Purchaser in escrow with the Title Company as its "**Second Deposit**". The Second Deposit shall be fully refundable until the date which is 270 days from the Effective Date ("**Second Release Date**"). Unless Purchaser has terminated this Agreement on or before the Second Release Date pursuant to a right provided for herein, the Second Deposit shall be released and paid to the Seller, but applicable to the Purchase Price in the event the Closing shall occur; and
- (c) On the Second Release Date, the additional sum of ONE HUNDRED FIFTY THOUSAND AND NO/100 (\$150,000.00) shall be paid directly to Seller as Purchaser's "**Third Deposit**". The Third Deposit shall be non-refundable when due, but applicable to the Purchase Price in the event the Closing shall occur. The Initial Deposit, Second Deposit, Third Deposit, and any other deposits required herein are sometimes collectively referred to as the "**Earnest Money Deposits**". Any Earnest Money Deposits on deposit with the Title Company shall be held in a non-interest-bearing trust account by the Title Company in accordance with this Agreement; and
- (d) The balance of the Purchase Price (as defined herein) in immediately available or wire transferred funds at Closing. Such balance due at Closing shall be subject to prorations and costs in accordance with the terms of this Agreement.

For purposes of the foregoing, a "market rate residential unit" is any unit approved in Purchaser's redevelopment plan including units approved through additional height and density allowance, but excluding any affordable restricted units.

ARTICLE II

TITLE COMMITMENT AND SURVEY;

¹ For example and for illustration purposes only, if 226 market rate residential units are part of the approved redevelopment plan, the total Purchase Price shall be \$13,500,000.00 (\$13,000,000.00 plus 10 X \$50,000.00).

REVIEW AND INSPECTION BY PURCHASER

2.1 **Title Commitment and Survey.** Within ten (10) days after the Effective Date, Purchaser shall order a title commitment for an ALTA Owner's Policy of Title Insurance issued by the Title Company (the "**Commitment**") at its sole cost and expense. Within ninety (90) days after the Effective Date, Purchaser may, at its sole cost and expense, obtain a survey of the Property (the "**Survey**"). Within ninety (90) days after the Effective Date (the "**Title Review Period**"), Purchaser shall give Seller written notice of any objections to the condition of title or survey matters as set forth in the Commitment or Survey. In the event Purchaser fails to give a written notice to Seller of any objections to title or Survey matters within the Title Review Period, Purchaser shall be deemed to have accepted the condition of title as reflected by the Commitment and the Survey. In the event Purchaser gives a written notice to Seller of objections to title or Survey matters within the Title Review Period ("**Purchaser's Title Objection Notice**"), Seller shall: (i) notify Seller in writing within five (5) business days after receipt of Purchaser's Title Objection Notice as to whether Seller intends to cure any such objections and, if so, Seller's proposed steps to cure any such objections, and (ii) if Seller elects to cure such objection, take reasonable steps to do so within ten (10) business days following receipt by Seller of Purchaser's Title Objection Notice (the "**Cure Period**"). Failure of Seller to send written notice of its intent to cure an objection within said five (5) business day period shall be deemed an election by Seller not to cure any such objections. In the event Seller elects to attempt to cure any of Purchaser's objections, the time of closing shall be ten (10) days after expiration of the Cure Period or on the Closing Date identified in Section 4.1, whichever is later. In the event Seller elects to attempt to cure any of Purchaser's objections but is unable to do so within the Cure Period, Seller shall so notify Purchaser in writing prior to the expiration of the Cure Period, in which event Purchaser shall have the right to either (i) accept title in its current condition without any adjustment in the Purchase Price, in which event Purchaser's objections shall be deemed to have been waived for all purposes, or (ii) terminate this Agreement by written notice to Seller. Failure of Purchaser to send written notice of the election available to it pursuant to the preceding sentence within five (5) days after the receipt by Purchaser of Seller's notice shall be deemed an election by Purchaser to accept title in its current condition. Any items or exceptions to title that are accepted or waived by Purchaser or deemed to have been accepted or waived by Purchaser are hereinafter referred to as the "**Permitted Exceptions**." Seller shall pay and discharge all Monetary Liens (as defined herein) at or before Closing and if Seller fails to do so, Purchaser shall have the option, at its election, to pay and discharge such Monetary Liens and all such amounts paid by Purchaser shall be a credit against the Purchase Price. For purposes of the foregoing, the term "Monetary Liens" means all valid and enforceable mortgages, UCC financing statements, assignments of leases and rents, judgments, contractor's liens, past due real estate taxes, other governmental assessments, penalties and fines constituting liens caused by Seller (collectively, "**Monetary Liens**") and such matters need not be raised as Title Objections.

2.2 **Review and Inspection by Purchaser.** Within five (5) days after the Effective Date, Seller shall deliver to Purchaser the documents and information described on Schedule 1 attached hereto and made a part hereof, to the extent in Seller's possession or control (the "**Due Diligence Deliveries**"). Commencing on the Effective Date and for a period of ninety (90) days thereafter ("**Inspection Period**"), Purchaser shall have the right to inspect the Property and the Due Diligence Deliveries and to conduct such tests, investigations, inspections and studies as

Purchaser may deem necessary or appropriate in order to determine if the Property is in satisfactory condition and is suitable for Purchaser's purposes, provided, however, that Purchaser shall not conduct any invasive testing on the Property, including soil, air or groundwater sampling (herein a "**Phase II**"), without Seller's prior written consent as to the scope of work, such consent not to be unreasonably withheld, conditioned, or delayed. Purchaser will submit a proposed scope of work for any required Phase II and Seller will respond to such request within ten (10) days. In no event shall Purchaser be permitted to use a Licensed Site Remediation Professional ("**LSRP**") to conduct any inspection of the Property, and prior to having access to the Property, Purchaser shall provide to Seller a copy of the Purchaser's consultant's proposal confirming same and Purchaser and Purchaser's consultant hired to take samples or conduct Phase II work shall have signed the confidentiality agreement (in the form attached in Exhibit B). During the Inspection Period, Purchaser shall have reasonable access to the Property at all reasonable times during normal business hours, upon not less than 48 hours notice to Seller for the purposes of conducting due diligence, provided however, all onsite activities shall be coordinated with Seller in order to minimize disruption to Seller's business operations on the Property, if any being conducted at the Property. Prior to the Purchaser or anyone on behalf of Purchaser entering the Property, Purchaser shall deliver to Seller a Certificate of Insurance evidencing general liability coverage in an amount not less than \$2,000,000.00, naming the Seller as an additional insured in its capacity as owner of the Property. The costs and expenses of such inspections, tests and studies shall be borne solely by Purchaser. Seller shall cooperate with Purchaser and all of Purchaser's representatives in furtherance of the rights granted to Purchaser herein. Purchaser shall defend, indemnify and hold harmless Seller from and against any liabilities, claims, demands, actions, loss or damage for mechanics liens, personal injury or property damage incident to, resulting from or in any way arising out of Purchaser's, its agents, employees and/or contractors, entry upon or inspection by or on behalf of Purchaser of the Property, excluding claims arising out of pre-existing conditions not impacted by Purchaser, and, notwithstanding anything to the contrary in this Agreement, such obligation to indemnify shall survive Closing or any termination of this Agreement. If Purchaser is not satisfied, in its sole discretion and for any or no reason, with the results of such inspections, investigations, applications, tests and studies and its review of the information described above, Purchaser shall have the right to terminate this Agreement during the Inspection Period by delivering to Seller written notice of its election to terminate this Agreement under this Section 2.2 prior to the end of the Inspection Period, and the Initial Deposit shall be returned to Purchaser. If this Agreement is terminated pursuant to this Section 2.2, Purchaser will, upon Seller's written request, provide Seller with a courtesy copy of any or all requested due diligence reports, construction drawings, and materials. In the event that the Closing hereunder shall not occur for any reason whatsoever, Purchaser shall promptly return to Seller copies of all due diligence materials delivered by Seller to Purchaser and shall destroy all copies and abstracts thereof.

2.3 **Approval Period.**

(a) **Permits and Approvals.** Purchaser shall have 365 days from the expiration date of the Inspection Period, or as otherwise extended as set forth below ("**Approval Period**") to apply for and enter into a redevelopment agreement with an express provision for a long-term tax abatement (PILOT) for the Property and any and all necessary State, County, and Municipal permits and approvals for the development of no less than 216 market rate residential units on the Property with necessary parking and access (the "**Proposed Use**"), including, but not limited to,

approval of a site plan for the Proposed Use and re-zoning approvals, New Jersey Department of Environmental Protection and Bergen County approvals, if any required (the “**Permits and Approvals**”). The Permits and Approvals shall all be deemed obtained if in final, non-appealable and non-appealed form and to Purchaser’s satisfaction. Purchaser will submit to the mayor and council of the Borough of Hillsdale, which act as the redevelopment authority, a proposed redevelopment agreement which shall include proposed terms of a PILOT as soon as reasonably practicable, but no later than three (3) months from the commencement of the Approval Period. If Purchaser reasonably believes that obtaining acceptable Permits and Approvals for the Proposed Use is feasible at the time of expiration of the Approval Period, Purchaser may exercise up to two (2) extensions of the Approval Period, each for a period of six (6) months (each an “**Approval Period Extension**”), by providing written notice to Seller on or before expiration of the Approval Period. As a condition of exercising each Approval Period Extension, Purchaser shall remit to Seller an amount equal to six (6) month’s real estate taxes plus \$20,000.00 per month (each an “**Extension Payment**”). Once made, the Extension Payments shall be non-refundable, but shall remain applicable against the Purchase Price in the event the Closing shall occur. Purchaser may elect not to proceed with pursuing Permits and Approvals if Purchaser determines, in its sole and absolute discretion, that obtaining Permits and Approvals is not realistic or if the Permits and Approvals will contain unacceptable conditions or if any Permits and Approvals application is denied, at which time, Purchaser shall provide written notice to Seller that it desires to terminate this Agreement and Purchaser shall receive a return of the Initial Deposit or Second Deposit (if such deposits are refundable at the time of termination as determined in Section 1.2(a) and (b)) and any monthly Extension Payment shall be adjusted as of the date of termination. In the event Purchaser fails to deliver a termination notice prior to expiration of the Approval Period, as it may be extended, it shall be deemed to have waived its right to terminate this Agreement pursuant to this Section 2.3 and the parties shall proceed with the transaction contemplated hereby.

(b) **Cooperation and Communications.** Seller agrees to cooperate with Purchaser in all proceedings, actions and applications with respect to any of the Permits and Approvals, at Purchaser’s cost and expense, provided however, that in submitting such applications or participating in such proceedings, Purchaser may not submit documents or participate in proceedings in Seller’s name without its prior written consent. Purchaser shall provide periodic updates to the Seller and/or provide updates as reasonably requested by Seller as to the status of its Permits and Approvals. Purchaser shall copy Seller in all material correspondence to governmental authorities or community groups with respect to the applications for Permits and Approvals. Seller will cooperate with Purchaser in submitting all Permits and Approvals applications and execute any and all necessary development consents or forms required for Purchaser to submit Approvals applications (“Development Consents”) within ten (10) business days of a request from Purchaser, provided however, all Permits and Approvals and Development Consents shall permit Seller’s operation of the Property as a transfer Station until the Closing and any redevelopment agreement or PILOT shall be subject to Purchaser Closing on title to the Property. Purchaser shall keep Seller apprised of its progress of Permits and Approvals and provide copies of plans.

2.4 Title.

- (a) At the Closing, Seller shall convey title to the Property to Purchaser by Bargain and Sale Deed (the "Deed") in the form approved by the Title Company and including the restriction on the use of the Property for waste industry purposes, as more fully recited in Subparagraph (b) and subject to (1) general real estate taxes and special assessments due after the date of Closing; (2) zoning and building laws and ordinances; (3) Permitted Exceptions; (4) acts done or suffered by Purchaser or claims made by, through or under Purchaser, and (5) statements of fact that an accurate survey or personal inspection of the Property may disclose.
- (b) The Deed shall contain the following restriction: **"The Property conveyed herein shall not be used for any purpose related to the waste industry including, but not limited to, the hauling, processing, transferring, storage, recycling or disposal of municipal solid waste or hazardous waste; provided, however, nothing contained herein shall limit the import or use of soil or materials of any kind for the development or use of the Property for any other use. These restrictions are declared to be covenants running with the land in perpetuity commencing with the date of the deed, and shall be fully binding upon all persons or entities acquiring title to the Property whether by descent, devise, lease, purchase or otherwise and is for the benefit of and enforceable by the Grantor and its affiliates."**

ARTICLE III

AS IS, WHERE IS; SELLER'S REPRESENTATIONS

3.1 **AS IS, WHERE IS.** PURCHASER AGREES THAT PURCHASER IS PURCHASING THE PROPERTY ON AN "AS IS, WHERE IS" BASIS AND, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, EITHER ORAL OR WRITTEN, MADE BY SELLER OR ANY AGENT OR REPRESENTATIVE OF SELLER WITH RESPECT TO THE PHYSICAL OR STRUCTURAL CONDITION OF THE PROPERTY, DEVELOPABILITY OF THE PROPERTY, THE USE OF OR THE ZONING FOR THE PROPERTY, OR WITH RESPECT TO THE EXISTENCE OR ABSENCE OF TOXIC OR HAZARDOUS MATERIALS, SUBSTANCES OR WASTES IN, ON, UNDER OR AFFECTING THE PROPERTY EXCEPT AS SET FORTH HEREIN. SELLER HAS MADE AND HEREBY MAKES NO WARRANTY OR REPRESENTATION WHATSOEVER REGARDING THE FITNESS OF THE PROPERTY FOR PARTICULAR PURPOSE, QUALITY OR MERCHANTABILITY OF THE PROPERTY OR ANY PORTION THEREOF EXCEPT AS SET FORTH HEREIN. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY WARRANTIES, EITHER EXPRESSED OR IMPLIED, GUARANTEES, PROMISES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY MADE OR FURNISHED BY ANY REAL ESTATE AGENT, BROKER, EMPLOYEE, SERVANT OR OTHER PERSON REPRESENTING OR PURPORTING TO REPRESENT SELLER. **This provision shall not merge with the Deed, but shall survive the Closing indefinitely.**

3.2 Purchaser will have been given the opportunity to inspect the Property and the Property records that Purchaser deemed necessary to inspect and review in connection with the transaction contemplated by this Agreement; and Purchaser will have retained or had an opportunity to retain such environmental consultants, structural engineers and other experts as it deems necessary to inspect the Property and review such materials. Purchaser is relying on its own investigation and the advice of its experts regarding the Property, and upon its review of the Property records, and not on any representations or warranties of Seller or any Seller representative except as otherwise set forth in this Agreement. Purchaser acknowledges that Seller makes absolutely no representations or warranties with respect to the accuracy or completeness of any information, reports or other materials delivered to Purchaser. Purchaser releases, forever discharges and covenants not to sue Seller from and for any and all claims, demands, losses, damages or costs whether in existence or arising hereafter related to hazardous substances or arising under environmental laws with respect to the Property. Purchaser acknowledges, represents and warrants that Purchaser (x) is not in a significantly disparate bargaining position with respect to Seller in connection with the transaction contemplated by this Agreement, (y) has freely and fairly agreed to this waiver as part of the negotiations for the transaction contemplated by this Agreement, and (z) is represented by legal counsel in connection with this transaction and Purchaser has conferred with such legal counsel concerning this waiver. **The provisions set forth in this Section 3.2 shall not merge with the Deed but shall survive the Closing indefinitely.**

3.3 **Representations and Warranties of Seller.** In order to induce Purchaser to enter into this Agreement, Seller makes the following representations and warranties, which shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date and shall survive Closing for a period of six (6) months:

(a) Seller is a corporation duly organized and validly existing under the laws of the State of New Jersey, is in good standing, and this Agreement is, and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Seller shall be, upon consummation of the transaction contemplated under this Agreement, duly authorized, executed and delivered by, and upon delivery thereof shall be binding and enforceable against, Seller in accordance with their respective terms, and Seller has the legal right, power and authority to enter into this Agreement and perform all of its obligations hereunder;

(b) The execution and delivery of this Agreement and the performance by Seller of its obligations hereunder, shall not conflict with, or result in a breach of any law or regulation, or order, judgment, writ, injunction or decree of any court or governmental instrumentality, or any agreement or instrument to which Seller is a party or by which it is bound, or to which Seller or any portion of the Property is subject;

(c) Seller is the fee simple owner of the Property and Seller has not granted any option or other right to purchase, lease, or license or otherwise acquire any portion of the Property, or any interest therein, to any party except Purchaser pursuant to this Agreement and, as of Closing, there will be no parties in possession of any portion of the Property, as tenants under unrecorded leases or licensees under unrecorded license agreements, or under any other agreement other than easements and restrictions of record;

(d) To Seller's actual knowledge, and except as set forth in any Environmental Reports, (i) no landfill or dump has been operated on the Property other than related to Seller's transfer station operations at the Property and (ii) Seller is not aware of current and uncured violations of applicable Environmental Law (as defined herein). Seller has not received written notice from any governmental agency having jurisdiction over the Property that the Property or any part thereof is (as of the date hereof) in violation of any law, ordinance, rule or regulation applicable to the Property, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9061 et seq., Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., The Resource Conservation and Recovery Act, 42 U.S.C. § 9601 et seq., the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq., ISRA or any other applicable environmental law ("Environmental Law"), which violation has not been corrected;

(f) There are no existing or pending or, to the best of Seller's knowledge, contemplated or threatened (in writing) condemnation proceedings, assessments for municipal improvements and no work has been commenced for which an assessment could be imposed, and no improvements have been undertaken at the Property for which an added or omitted assessment could be imposed in the future;

(g) Seller is not a "foreign person" and is not in any manner controlled by a "foreign person" within the meaning of Section 1445 of the Internal Revenue;

(h) There are no litigations, claims, proceedings or governmental investigations pending or, to Seller's knowledge, threatened against or relating to the Property or the transactions contemplated by this Agreement and no tax appeals have been filed or are pending with regard to the Property. Seller is not in the hands of a receiver nor is an application for the appointment of a receiver pending and Seller has not made an assignment for the benefit of creditors, nor has Seller filed, or had filed against it, any petition in bankruptcy.

(j) Seller is currently (i) in compliance with and shall at all times during the term of this Agreement remain in compliance with the regulations of the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury and any statute, executive order (including Executive Order 13224, dated September 24, 2001 and entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), or regulation relating thereto, and (ii) not listed on, and shall not during the term of this Agreement be listed on, the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation.

(k) All sums payable by reason of any labor or materials heretofore furnished with respect to the Property by or for Seller have been, or in the ordinary course of business prior to the Closing Date will be, paid, and Seller knows of no material dispute in connection therewith.

3.4 Representations and Warranties of Purchaser. In order to induce Seller to enter into this Agreement, Purchaser makes the following representations and warranties, which shall

be true and correct in all material respects as of the date of this Agreement and as of the Closing Date and shall survive Closing for a period of six (6) months:

(a) Purchaser is a limited liability company duly organized and validly existing under the laws of the State of New Jersey, is in good standing, and this Agreement is, and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Purchaser shall be, upon consummation of the transaction contemplated under this Agreement, duly authorized, executed and delivered by, and upon delivery thereof shall be binding and enforceable against, Purchaser in accordance with their respective terms, and Purchaser has the legal right, power and authority to enter into this Agreement and perform all of its obligations hereunder;

(b) The execution and delivery of this Agreement and the performance by Purchaser of its obligations hereunder, shall not conflict with, or result in a breach of any law or regulation, or order, judgment, writ, injunction or decree of any court or governmental instrumentality, or any agreement or instrument to which Purchaser is a party or by which it is bound, or to which Purchaser is subject;

(c) Purchaser has not: (i) filed any voluntary or had involuntarily filed against it in any court or with any governmental body pursuant to any statute either of the United States or of any State, a petition in bankruptcy or insolvency or seeking to effect any plan or other arrangement with creditors, or seeking the appointment of a receiver; (ii) had a receiver, conservator or liquidating agent or similar person appointed for all or a substantial portion of its assets; (iii) suffered the attachment or other judicial seizure of all, or substantially all of its assets; (iv) given notice to any person or governmental body of insolvency; or (v) made an assignment for the benefit of its creditors or taken any other similar action for the protection or benefit of its creditors.

(d) Purchaser is currently (i) in compliance with and shall at all times during the term of this Agreement remain in compliance with the regulations of the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of Treasury and any statute, executive order (including Executive Order 13224, dated September 24, 2001 and entitled “Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism”), or regulation relating thereto, and (ii) not listed on, and shall not during the term of this Agreement be listed on, the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation.

3.5 Limitation of Damages. Notwithstanding anything to the contrary, no claim for a Seller breach of a representation or warranty is actionable if prior to Closing, Purchaser has actual knowledge of the breach, or of the condition, state of facts or other matters relating to the breach (the “Exception Matters”). Should Purchaser obtain actual knowledge of an Exception Matter before the end of the Inspection Period, then Purchaser’s failure to terminate the Agreement under Section 3.3 is deemed a Purchaser waiver of the breach of that representation or warranty. Should Purchaser first obtain actual knowledge of an Exception Matter after the end of the Inspection Period and Purchaser closes, then Closing is deemed a Purchaser waiver of the breach of that

representation or warranty. Notwithstanding anything to the contrary, no claim for a Purchaser breach of a representation or warranty is actionable if prior to Closing, Seller has actual knowledge of Exception Matters. Should Seller obtain actual knowledge of an Exception Matter before the Closing, then Closing is deemed a Seller waiver of the breach of that representation or warranty. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR SPECIAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES.

ARTICLE IV

THE CLOSING

4.1 **The Closing Date.** The consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place through a deed and money escrow on or before thirty (30) days following the first to occur of (i) expiration of the Approval Period; or (ii) the earlier satisfaction or waiver of the Approval Period by the Purchaser (the "**Closing Date**") at the offices of the Title Company or as mutually agreed to by the parties. If the Purchaser is proceeding in good faith, it shall have a right to extend the Closing Date by up to and not to exceed thirty (30) days upon notice to the Seller. Neither party nor its respective counsel needs to be present in person at the Closing.

4.2 **Seller's Obligations at the Closing.** Seller shall deliver or cause to be delivered to Purchaser the following items at the Closing (or by such earlier date as specifically stated):

- (a) The Deed executed by Seller with the necessary Seller's residency form and affidavit of consideration;
- (b) Certificate of non-foreign status (the "**Certificate of Non-foreign Status**"), executed by Seller or, if Seller is a "disregarded entity" for tax purposes, the entity or person that is deemed the transferor of the Property for purposes of Section 1445 of the Internal Revenue Code;
- (c) Such evidence of the authority of Seller to consummate the Closing as the Title Company and Purchaser may reasonably require;
- (d) If applicable, any real property transfer declarations required by the jurisdiction(s) in which the Property is located;
- (e) A closing statement executed by Seller in form mutually acceptable to Seller and Purchaser; and
- (f) Such affidavits as the Title Company may reasonably require from Seller in order to issue the Owner's Title Insurance Policy in form and substance reasonably satisfactory to Seller and Purchaser.

4.3 **Purchaser's Obligations at the Closing.** Purchaser shall deliver or cause to be delivered to Seller the following items at the Closing:

- (a) The Purchase Price required by Section 1.2 above, by wire transfer of immediately available funds;
- (b) A closing statement executed by Purchaser in form mutually acceptable to Seller and Purchaser; and
- (c) Such other documents as the Title Company may reasonably request.

4.4 **Closing Costs.** Purchaser shall pay: (i) the cost of the Commitment and the Owner's Title Insurance Policy; (ii) if applicable, the cost of lender's Title Insurance Policy; (iii) the New Jersey mansion Tax, if applicable (Purchaser retains the right to dispute the applicability of the mansion tax if necessary at no cost to Seller); (iii) the cost of preparing and recording the Deed and any mortgage or deed of trust, if any; and (iv) the escrow fees and Closing fees of the Title Company. Seller shall pay all state and county transfer taxes to record the Deed. Any other costs, expenses and fees shall be allocated between the parties as is customary and typical for similar types of transactions for real property in the location in which the Property is located. Any Extension Payments paid shall be adjusted as of the Closing Date.

4.5 **Prorations.** At the Closing, the following items shall be adjusted and apportioned in cash as of 11:59 p.m. on the day preceding the Closing Date (the "**Adjustment Date**"):

- (a) At or before Closing, Seller shall pay all real estate and other ad valorem taxes, assessments, personal property and sewer charges due or payable with regard to the Property for the period prior to the Adjustment Date. Real estate and other ad valorem taxes, assessments, personal property taxes and sewer charges not yet due or payable shall be prorated, on an accrual basis and on the basis of the fiscal year for which such taxes or charges are assessed. If the actual ad valorem taxes are not available on the Closing Date for the tax year in which the Adjustment Date occurs, the proration of such taxes at the Closing shall be based upon 100% of the most recent ascertainable full tax year bill, which proration shall be final.
- (b) All costs and expenses related to utilities and other expenses of the Property attributable to the period prior to the Closing shall be determined to the Adjustment Date and paid by the Seller. If invoices for any of such charges, expenses or income figures to the Adjustment Date are unavailable on the Closing Date, Seller and Purchaser agree to rely on the best information available.
- (c) All prorations shall be final as of the Closing Date and not subject to further adjustment.

4.5 **Operations Pending Closing.** Until all contingencies provided for herein have expired or are waived by the Purchaser, Seller and Purchaser agree as follows:

- a. Seller shall not be required to repair and/or maintain the building on the Property except as may be necessary or desirable for Seller's business operations therein, it being

understood that Purchaser's Proposed Use will require demolition of the Building after the Closing; and

- b. Seller shall have the right to renew its existing permits for its business operations on the Property, including the existing permits that allow for the operation of a waste transfer station at the Property; provided, however, Seller shall be obligated to terminate or transfer any and all such permits as a condition of Closing to the extent such permit creates an encumbrance upon the Property.
- c. Purchaser shall have the right to comply with N.J.S.A. 54:32B- 22(c) and N.J.S.A. 54:50-38 and Seller shall reasonably cooperate in connection with such compliance. In furtherance thereof, if required by the State of New Jersey, Division of Taxation (the "Division"): (i) Seller shall prepare and deliver to Purchaser the Asset Transfer Tax Declaration (the "TTD") in the then current form prescribed by the Division, so that such form is received by Purchaser not less than twenty (20) days prior to the Closing; and (ii) Purchaser may deliver a Notification of Sale, Transfer, or Assignment in Bulk (Form C-9600) in the then current form prescribed by the Division (and such other forms as the Division may require), together with the completed TTD (the "Tax Notification") to the Division by registered or certified mail or overnight delivery so that such Tax Notification is received by the Division not less than fifteen (15) days prior to Closing. Seller shall provide all information reasonably requested by Purchaser to enable Purchaser to complete the Tax Notification, as soon as reasonably practicable after request from Purchaser. If, at any time prior to Closing, the Division informs Purchaser that a possible claim for taxes imposed or to be imposed on Seller exists and the amount thereof (the "Deficiency"), then Purchaser and Seller shall close as scheduled and without delay, and Purchaser shall withhold the portion of the Purchase Price equal to the amount of the Deficiency, which amount so withheld shall be placed in escrow with the Title Company, as escrow agent, to be held and disbursed pursuant to an escrow agreement in a form to be approved by both Purchaser and Seller (the "**Bulk Sales Escrow Agreement**").

4.6 **Possession.** Seller shall deliver possession of the Property to Purchaser at Closing.

4.7 **Environmental Compliance.**

(a) Seller represents that it has not operated an Industrial Establishment, as defined in Industrial Site Recovery Act ("ISRA"), N.J.S.A. 13:1K-6 et seq. on the Property and, to the best of Seller's knowledge, ISRA is not applicable to the transaction contemplated by this Agreement.

(b) If it is determined that ISRA is applicable to this transaction, Seller shall be responsible for ISRA compliance prior to and as a condition of Closing in accordance with applicable law and within five (5) days after the effective date of this Agreement, Seller shall file with the New Jersey Department of Environmental Protection ("NJDEP") a General Information Notice with regard to this transaction and retain an LSRP to complete Seller's ISRA filing obligations (the "Seller's LSRP"). Seller's ISRA compliance shall be by either obtaining an

approval from the New Jersey Department of Environmental Protection of a De Minimis Quantity Exemption (a "DQE") or an unrestricted Response Action Outcome from Seller's LSRP, which may not include the use of Engineering Controls or Institutional Controls (as such terms are used in ISRA). Seller shall be responsible for all costs of the Seller's LSRP. Seller shall supply Purchaser and its consultant with copies of any other documents and materials regarding ISRA or compliance with any other applicable environmental laws for review and comment prior to submission thereof to NJDEP. In no event shall such documents have restrictions or conditions materially interfering with (1) the development plans submitted by Purchaser as part of its application(s) for the Approvals (provided that full copies of such plans have been delivered to Seller) or (2) the use of the Property for commercial and industrial uses. Seller shall require as a condition of the engagement of Seller's LSRP that Seller's LSRP (and associated firm) add the Purchaser to the list of parties who may rely upon their work with regard to the Property.

(c) The provisions of this Section shall survive the Closing of title to the Property.

ARTICLE V

DAMAGE OR CONDEMNATION PRIOR TO THE CLOSING

5.1 **Damage.** Seller shall bear the risk of loss to the Property at or prior to Closing. If on or prior to the Closing Date, all or any part of the Property is damaged by fire, casualty or the elements or any other cause, the parties agree to proceed to Closing without any reduction in the Purchase Price and, during the period of time between the occurrence of the damage and the Closing, Seller may, at its option restore all or any portion of the Property or elect to not restore all or any portion of the property. All insurance proceeds due to such casualty shall be retained by Seller.

5.2 **Condemnation.** If, prior to the Closing Date, all or any portion of the Property is taken or threatened by, or made subject to, condemnation, eminent domain or other governmental acquisition proceedings, and in Purchaser's reasonable judgment such taking would permanently and materially impair Purchaser's Proposed Use of the Property, then Purchaser, at its sole option, may elect either:

- (a) To terminate this Agreement by written notice to Seller given within twenty (20) days following receipt of notice of such condemnation and receive a refund of the Earnest Money Deposit, in which event neither party hereto shall have any further rights against, or obligations to, the other under this Agreement; or
- (b) To proceed to Closing and pay the Purchase Price, in which event Seller shall assign, transfer and set over to Purchaser all of Seller's right, title and interest in and to any awards which may in the future be made on account of such governmental acquisition.

In the event Purchaser fails to provide a notice of termination within the time frame described in Section 5.2(a), Purchaser shall be deemed to have elected to proceed to Closing pursuant to 5.2(b).

ARTICLE VI

DEFAULTS

6.1 **Default by Seller** In the event Seller defaults under this Agreement which is not cured within thirty (30) days of written notice to Seller, and provided that Purchaser is ready, willing and able to close, then, in such event, Purchaser shall, as its sole and exclusive remedy, either (a) terminate the Agreement by written notice to Seller and receive return of the Earnest Money Deposits and Seller shall immediately reimburse Purchaser for all of Purchaser's reasonable documented out-of-pocket expenses incurred in connection with this transaction, including its legal fees and due diligence investigations up to the aggregate amount of \$350,000, and Seller and Purchaser shall have no further rights or obligations under the Agreement except for those that expressly survive a termination hereof as more fully set forth herein, or (b) pursue against Seller an action to compel Seller's specific performance of this Agreement, provided however, that (i) Purchaser must notify seller within fifteen (15) days after Seller's alleged default that it intends to institute an action for specific performance; (ii) the action for specific performance must be commenced within thirty (30) days of Purchaser's notice to Seller; and (iii) Purchaser must pursue such claim with all diligence. If Purchaser does not comply with the foregoing, Purchaser shall be deemed to have waived the remedy of specific performance and elected to proceed under subpart (a) above.

6.2 **Default by Purchaser.** In the event Purchaser defaults under this Agreement, Seller shall, as its sole and exclusive remedy, terminate the Agreement by written notice to Purchaser and retain the Earnest Money Deposits as liquidated damages, it being agreed that the damages by reason of Purchaser's default are difficult, if not impossible to ascertain, and whereupon the Agreement will terminate and Seller and Purchaser shall have no further rights or obligations under the Agreement except for those that expressly survive a termination hereof as more fully set forth herein. SELLER AGREES THAT THESE LIQUIDATED DAMAGES SHALL BE IN LIEU OF ANY OTHER RELIEF WHICH SELLER MAY BE ENTITLED BECAUSE OF PURCHASER'S BREACH OR DEFAULT AND SELLER HEREBY WAIVES ANY RIGHT IT MIGHT HAVE HAD TO AN ACTION FOR SPECIFIC PERFORMANCE AND/OR ANY OTHER ACTION FOR DAMAGES OR OTHERWISE.

ARTICLE VII

CONFIDENTIALITY

7.1 **Confidential Matter.** Purchaser acknowledges that, both before and during the performance of its obligations under this Agreement, it will have access to, and has and may come to know, information about the Seller, Seller's affiliates or the Property. All such information and regardless of the form it may take, is hereinafter individually and collectively referred to as "**Confidential Matter.**" As used herein, the affiliates, subsidiaries, officers, directors, shareholders, members, employees, contractors, agents and professional advisors of a person are

such person's "Representatives." Purchaser covenants, agrees, and warrants as follows with respect to Confidential Matter:

(i) Purchaser will keep secret and confidential, and safeguard all Confidential Matter, will use and deal with it only for the purposes of performing its obligations under this Agreement (and no other), will not disclose any of it and will prevent its Representatives and others whom it controls (such as, for example, its employees and agents) from disclosing any of it, to any persons, corporation, partnership, or other entity whatsoever, not having a need to know it in order that Purchaser may fulfill its obligations under this Agreement, or not having an absolute legal right to know it (such as, for example, pursuant to a subpoena or court order).

(ii) If Closing does not occur hereunder, Purchaser will promptly destroy any Confidential Matter provided by Seller, except to the extent required by applicable law or Purchaser's record and retention policies, or upon Seller's request return all documents to Seller.

(iii) Purchaser will treat all the obligations set forth in this Section this Article VII as continuing obligations which will survive for four (4) years after the expiration or sooner termination of this Agreement, and will take all necessary steps to insure compliance with this Article by Purchaser's employees, officers, directors, affiliates, partners, agents or representatives.

(iv) Except as permitted under subsection (v) below, neither Purchaser nor its representatives will disclose any Confidential Matter during the term of the obligation to keep Confidential Matter confidential.

(v) The Confidential Matter shall not be subject to the restrictions of this Article VII if or when such Confidential Matter or portion thereof:

(1) Was in the public domain at the time of the Seller's disclosure thereof to the Purchaser; or

(2) Was disclosed to Purchaser in good faith by a third party which has the right to make such disclosure subsequent to the time of the other party's disclosure thereof to Purchaser.

7.2 Permitted Disclosures. Notwithstanding the foregoing, each party may disclose Confidential Information (A) as required by a court order or by law, (B) to Purchaser's Representatives in connection with the negotiation, review and approval of the transaction, provided Purchaser shall be liable for any disclosure by the Purchaser's Representatives, (C) to governmental and quasi-governmental authorities and agencies and the employees, elected officials, agents and representative thereof and their attorneys and consultants, to the extent necessary, in connection with applying for and obtaining Permits and Approvals. In the event that Purchaser is obligated to disclose Confidential Matter pursuant to court order or as otherwise required by law, Purchaser will provide the other party with prompt notice thereof, in order for the other party to have an opportunity to file for a protective order or other applicable proceeding.

ARTICLE VIII

MISCELLANEOUS

8.1 **Notices.** Any notice to be given or to be served upon any party hereto in connection with this Agreement must be in writing and shall be delivered by certified or registered mail or by nationally recognized express courier or by confirmed e-mail. If given by certified or registered mail, the notice shall be deemed to have been given and received three (3) business days after a certified or registered letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail; and if given by express courier, the notice shall be deemed to have been given when delivered to the party to whom it is addressed. Such notices shall be given to the parties hereto at the following addresses:

If to Purchaser, to: c/o Claremont Development
32 Mount Kemble Avenue
Morristown, New Jersey 07960
Attention: Richard Sciarretta
rsciaretta@claredev.com

With a copy to:

E. Glanz Associates
33 Martinsville Road
Basking Ridge, New Jersey 07920
Attention: Evan S. Glanz, Esq.
evan@eglanz.com

If to Seller, to: WASTE MANAGEMENT OF NEW JERSEY
c/o Corporate Real Estate Department
720 East Butterfield Road, 4th Floor
Lombard, Illinois 60148
Attention: Director of Real Estate

If to the Escrow Agent:

Couch Braunsdorf Insurance Group, Inc.
D/B/A Couch Braunsdorf Insurance Agency
701 Martinsville Road - P.O. Box 888
Liberty Corner, New Jersey 07938-0888
Attention: Felix Ganz
fganz@couchbraunsdorf.com

Any party hereto may, at any time by giving five (5) days written notice to the other party hereto, designate any other address in substitution of the foregoing address to which such notice shall be given.

8.2 Brokerage Fees and Commissions. Seller represents that no brokers have assisted Seller with this transaction. Purchaser represents that JRMF is a consultant of Purchaser and no brokers have assisted Purchaser with this transaction. Purchaser shall compensate JRMF at Closing and conditioned upon Closing pursuant to a separate agreement between Purchaser and JRMF. It is agreed that if any claims for any brokerage fees are ever made against Seller or Purchaser in connection with the transactions contemplated by this Agreement, all such claims shall be paid by the party whose commitments form the basis of such claims. Seller and Purchaser each agree to indemnify and hold harmless the other from and against any and all liabilities, claims, demands or actions for or with respect to any other brokerage fees asserted by any person, firm or entity in connection with this Agreement or the transactions contemplated hereby, and all court costs, attorneys' fees or other costs and expenses arising therefrom, insofar as any such liabilities, claims, demands or actions are based upon a contract or commitment of the indemnifying party. The indemnification provisions set forth in this Section 8.2 shall survive Closing or earlier termination of this Agreement.

8.3 Entire Agreement. This Agreement embodies and constitutes the entire understanding between the parties hereto with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement.

8.4 Modification. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except as provided herein or by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

8.5 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of New Jersey. The parties agree that all action and proceedings in connection with Agreement must be brought in the US District Court for the State of New Jersey.

8.6 Headings. Descriptive headings are used in this Agreement for convenience only and shall not control, limit, amplify or otherwise modify or affect the meaning or construction of any provision of this Agreement.

8.7 Binding Effect. Subject to the provisions of Section 8.8, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns.

8.8 Assignment. This Agreement may not be assigned by Purchaser without the prior written consent of Seller, which shall not be unreasonably withheld or delayed, except no consent shall be required in connection with an assignment to any entity owning, owned by or under common control with Purchaser or principals of Purchaser. This Agreement, as it may be assigned in accordance with this Section, shall be binding upon and inure to the benefit of the parties and their successors and assigns. No assignment or assumption shall relieve Purchaser or any assignee from its obligations hereunder, but rather each shall be jointly and severally liable for performance

under this Agreement, Purchaser shall notify Seller of any permitted assignment at least ten (10) business days prior to making any assignment.

8.9 **Invalid Provision.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provision or by its severance from this Agreement.

8.10 **Public Disclosure.** Except as may be necessary in any action to enforce this Agreement, any release to the public of information with respect to the matters set forth in this Agreement will be made only in the form approved by Purchaser and Seller and their respective counsel.

8.11 **No Third Party Beneficiary.** The provisions of this Agreement and of the documents to be executed and delivered at Closing are and will be for the benefit of Seller and Purchaser only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at Closing.

8.12 **Exhibits.** The following schedules or exhibits attached hereto shall be deemed to be an integral part of this Agreement:

- (a) Schedule 1 - Documents to be Delivered by Seller to Purchaser
- (b) Exhibit A - Legal Description and Depiction of the Property
- (c) Exhibit B - Confidentiality Agreement

8.13 **Further Assurances.** Each party shall, when requested by the other party hereto, cause to be executed, acknowledged and delivered such further instruments and documents as may be necessary and proper, in the reasonable opinion of the requesting party, in order to carry out the intent and purpose of this Agreement; provided, however, this Section 8.13 shall not be construed to permit any Party to increase the economic obligations or liabilities of either party hereto.

8.14 **Counterparts; Electronic Delivery.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document. A signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages. This Agreement may be executed and delivered by facsimile or other electronic means, with the same force and effect as an original.

8.15 **WAIVER OF TRIAL BY JURY.** SELLER AND PURCHASER, TO THE EXTENT THEY MAY LEGALLY DO SO, EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, CAUSE OF ACTION, OR PROCEEDING ARISING UNDER OR WITH RESPECT TO THIS AGREEMENT, OR IN ANY WAY

CONNECTED WITH, OR RELATED TO, OR INCIDENTAL TO, THE DEALINGS OF THE PARTIES WITH RESPECT TO THIS AGREEMENT OR THE TRANSACTIONS RELATED TO THIS AGREEMENT, IN EACH CASE WHETHER NOW EXISTING OR SUBSEQUENTLY ARISING, AND IRRESPECTIVE OF WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. TO THE EXTENT THEY MAY LEGALLY DO SO, SELLER AND PURCHASER AGREE THAT ANY CLAIM, DEMAND, ACTION, CAUSE OF ACTION, OR PROCEEDING SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 8.15 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE OTHER PARTY OR PARTIES TO WAIVER OF ITS OR THEIR RIGHT TO TRIAL BY JURY.

8.16 **Time.** The parties agree that time is of the essence in this transaction except with regard to the Closing Date, either party shall have a right to serve as time of the essence closing notice in accordance with applicable New Jersey law. If the time for performance of any obligation under this Agreement falls on a Saturday, Sunday, or holiday (national or in the State of New Jersey), the time for performance shall be extended to the next succeeding business day where performance is possible.

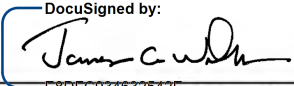
8.17 **Not Construed Against Drafter.** This Agreement has been negotiated and prepared by the parties and their respective counsel, and should any provision of this Agreement require judicial interpretation, the court interpreting or construing the provision shall not apply the rule of construction that a document is to be construed more strictly against one party.

[SIGNATURES ARE ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement to be effective as of the Effective Date.

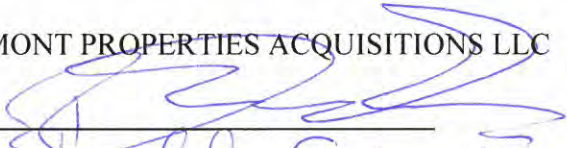
SELLER:

WASTE MANAGEMENT OF NEW JERSEY, INC.

By: 
James A. Wilson, Vice President

PURCHASER:

CLAREMONT PROPERTIES ACQUISITIONS LLC

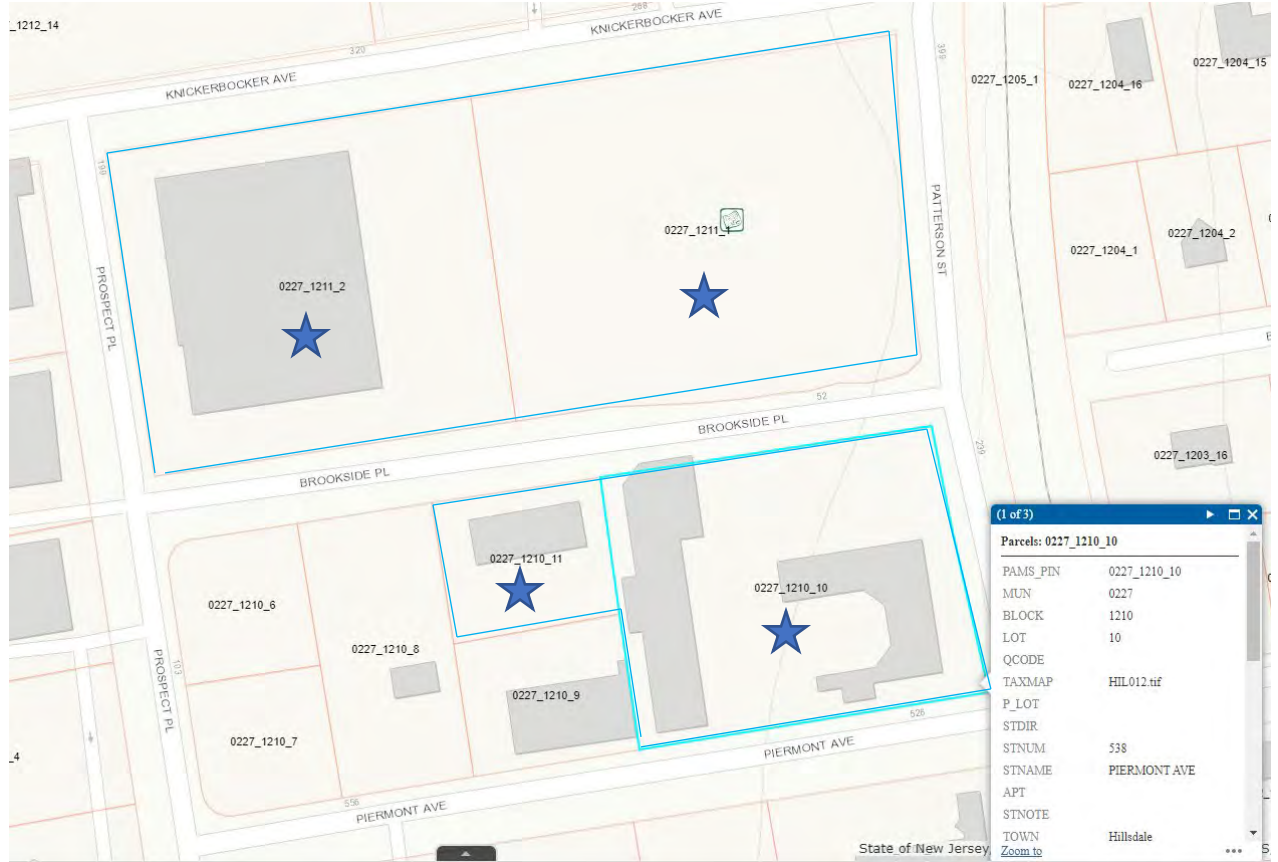
By: 
Name: Donald Sciarretta
Its:

Schedule 1

Due Diligence Deliveries

1. Copies of the most recent surveys and plat maps, engineering studies, wetlands delineations and the like.
2. Copies of tax statements and copies of property tax bills.
3. Any and all environmental reports, studies, soil or ground water samples, data or other information in Seller's possession or control.
4. Copies of current Certificates of Occupancy or use permits and licenses related to the Property.
5. **[DN: Claremont to confirm if any other items.]**

EXHIBIT A
DESCRIPTON AND DEPICTION OF PROPERTY



ALL TRACTS

R
Consid: 1500000.00
Rity: 7275.00 Cnty: 1500.00
Fees: 24.00 State: 3750.00
Tot: 7299.00 NPTRF: 2025.00
TU

103 - DEED - BARGAIN AND SALE (Covenant as to Grantor's Act)
IND. TO IND. OR CORP. - Plain Language
(Rev. June 1992)

OGP ST-2

Copyright © 1992 by ALL-STATE LEGAL SUPPLY CO.
One Commerce Drive, Canford, N.J. 07106

DEED

Prepared by: (Print signer's name below signature)

Gerald H. Litwin
Gerald H. Litwin, Esq.

This Deed is made on January 20, 1999.

BETWEEN

MARY FRANCO and CAROL FRANCO,
trading as M. & C FRANCO & CO., a New Jersey partnership

whose address is 77 Brookside Place, Hillsdale, New Jersey 07642
referred to as the Grantor.

AND

USA WASTE TRANSFER OF NEW JERSEY, INC., a New Jersey corporation

whose post office address is 864 Julia Street, Elizabeth, New Jersey 07201
referred to as the Grantee

The words "Grantor" and "Grantee" shall mean all Grantors and all Grantees listed above.

Transfer of Ownership. The Grantor grants and conveys (transfers ownership of) the property described below to the Grantee. This transfer is made for the sum of One Million Five Hundred Thousand (\$1,500,000) Dollars.

The Grantor acknowledges receipt of this money.

Tax Map Reference. (N.J.S.A. 46:15-1.1) Municipality of Hillsdale
Block No. 1210 and 1211 Lot No. 10, 11, 1 and 2 Account No
 No property tax identification number is available on the date of this Deed. (Check box if applicable).

Property. The property consists of the land and all the buildings and structures on the land in the Borough of Hillsdale County of Bergen and State of New Jersey. The legal description is:

TRACT ONE

BEGINNING at the point of intersection of the Southerly line of Knickerbocker Avenue with the Westarly line of Patterson Street; and running thence

- (1) North 88 degrees 48 minutes 30 seconds West, 593.14 feet to the point of intersection of the Easterly line of Prospect Place with said Southerly line; thence
- (2) South 1 degree 11 minutes 30 seconds West, 238.48 feet to the point of intersection of the Easterly line of Prospect Place with the Northerly line of Brookside Place; thence
- (3) South 88 degrees 48 minutes 30 seconds East, 341.48 feet to a point; thence
- (4) South 78 degrees 36 minutes 18 seconds East, 61.61 feet to a point; thence
- (5) In an Easterly direction, along a curve to the left having a radius of 448.05 feet and an arc distance of 79.79 feet to a point; thence
- (6) South 88 degrees 48 minutes 30 seconds East, 70.40 feet to a point; thence
- (7) In a general Northeasterly direction, along a curve to the left having a radius of 22.00 feet an arc distance of 34.07 feet to a point in the Westarly line of Patterson Street; thence

(continued)

RECORDED-BERGEN COUNTY

99 JAN 29 AM 11:17

Kathleen A. Borner

COUNTY CLERK

016859

8K8140P6399

(description continued)

- (8) In a Northerly direction along a curve to the right, having a radius of 1,976.00 feet, an arc distance of 235.89 feet to the point or place of BEGINNING

Also known as Lots 1 and 2 in Block 1211 on the Borough of Hillsdale Tax Map. (for information only)

TRACT TWO

BEGINNING at the point of intersection of the Southerly line of Brookside Plsce, with the Westerly line of Patterson Street; and running thence

- (1) North 88 degreea 48 minutes 30 seconds West, 373.40 feet to a point; thence
- (2) South 1 degree 11 minutes 30 seconds West, 103.00 feet to a point; thence
- (3) South 88 degrees 48 minutes 30 seconds East, 125.00 feet to a point in the Northerly line of Piermont Avenue; thence
- (4) South 1 degree 11 minutes 30 seconds West, 100.50 feet to a point in the Northerly line of Piermont Avenue; thence
- (5) South 88 degrees 48 minutes 30 seconds East, 259.55 feet to the point of intersection of the Northerly line of Piermont Avenue with the Westerly line of Patterson Street; thence
- (6) In a Northerly direction along a curva to the right having a radius of 1,976.00 feet, an arc distance of 203.00 feet, more or less, to the point or place of BEGINNING

Also known as Lots 10 and 11 in Block 1210 on the Borough of Hillsdale Tax Map. (for information only)

THE ABOVE DESCRIPTION was drawn in accordance with a survey prepared by Raimondi Associates, P.A., dated December 2, 1986.

(for source of title, see next page)

BK 8140PG400

SOURCE OF TITLE

BEING THE SAME premises conveyed to the Grantor herein by Deed of Carmine Franco & Co., a New Jersey partnership, to Mary Franco and Carol Franco, trading as M & C Franco & Co., a New Jersey partnership, dated March 30, 1988, and recorded in the office of the Bergen County Clerk on April 26, 1988 in Deed Book 7198, Page 11.

BEING THE SAME premises conveyed to the Grantor herein by Deed of Carmine Franto & Co., a New Jersey partnership, to M & C Franco & Co., a New Jersey partnership, dated March 30, 1988, and recorded in the office of the Bergen County Clerk on April 26, 1988 in Deed Book 7198, Page 15.

BEING THE SAME premises conveyed to the Grantor herein by Deed of Carmine Franco & Co., a New Jersey partnership, to Mary Franco and Carol Franco, trading as M & C Franco & Co., a New Jersey partnership, dated March 30, 1988, and recorded in the office of the Bergen County Clerk on April 26, 1988 in Deed Book 7198, Page 19.

BEING THE SAME premises conveyed to the Grantor herein by Deed of Carmine Franco & Co., a New Jersey partnership, to Mary Franco and Carol Franco, trading as M & C Franco & Co., a New Jersey partnership, dated March 30, 1988, and recorded in the office of the Bergen County Clerk on April 26, 1988 in Deed Book 7198, Page 23.

Promises by Grantor. The Grantor promises that the Grantor has done no act to encumber the property. This promise is called a "covenant as to grantor's acts" (N.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor).

Signatures. The Grantor signs this Deed as of the date at the top of the first page.

Witnessed by: *Gerald H. Litwin* *Mary Franco* (Seal)
Mary Franco
Carol Franco (Seal)
Carol Franco
(TRADING AS M & C FRANCO & CO., a
New Jersey partnership)

STATE OF NEW JERSEY, COUNTY OF BERGEN SS.:
I CERTIFY that on January 20, 1999

MARY FRANCO and CAROL FRANCO, trading as M & C Franco & Co., a
New Jersey partnership
personally came before me and stated to my satisfaction that this person (or if more than one, each person):

- (a) was the maker of the attached deed;
- (b) executed this deed as his or her own act; and,
- (c) made this Deed for \$ 1,500,000.00 as the full and actual consideration paid or to be paid for the transfer of title. (Such consideration is defined in N.J.S.A. 46:15-5.)

Gerald H. Litwin
(Print name and title below signature)
Gerald H. Litwin
Atty at Law - New York

BK 8140 PG 401

01/29/99

BY THE GRANTOR

DEED

Dated: January 20, 19 99

MARY FRANCO AND CAROL FRANCO,
trading as M & C Franco & Co., a New Jersey
partnership

Record and return to:

Grantor.

David J. Haber, Esq.
328 Newman Springs Road
Red Bank, New Jersey 07701

TO
USA WASTE TRANSFER OF
NEW JERSEY, INC.

Grantee.

ABSTRACTED

BK 8140P6402

END OF DOCUMENT

Exhibit B

Confidentiality Agreement

This Confidentiality Agreement (this "Agreement") is made as of _____ by and between _____ ("Prospective Buyer"), _____ ("Consultant") and Waste Management of New Jersey, Inc. ("Seller"). Prospective Buyer, Consultant and Seller are sometimes collectively referred to as the "Parties".

RECITALS

WHEREAS Seller is the owner of that certain real property identified as Block 1211; Lots 1 & 2; Block 1210, Lots 10 & 11, Hillsdale, New Jersey ("Property");

WHEREAS the Prospective Buyer and Seller are exploring a potential acquisition of the Property by Prospective Buyer;

WHEREAS Prospective Buyer wishes to enter onto the Property to conduct certain examinations of the Property;

WHEREAS Prospective Buyer wishes to engage the services of Consultant to conduct certain examinations of the Property;

WHEREAS Seller is willing to allow Prospective Buyer and Consultant access to the Property subject to the terms of this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Access to Property**. Subject to this Agreement, Prospective Buyer, Consultant, and their respective authorized agents, consultants, representatives and lenders/lenders representatives (each a "Buyer Party" and collectively, the "Buyer Parties") shall have the right to enter upon the Property and improvements at all reasonable times during normal business hours to perform an inspection of the Property. Prospective Buyer will provide to Seller notice of the intention of Prospective Buyer or the other Buyer Parties to enter the Property at least 48 hours prior to such intended entry and specify (a) the intended purpose therefor, (b) the locations and nature of the inspections and examinations contemplated to be made and (c) with whom Prospective Buyer or any Buyer Party will communicate. The Buyer Parties shall not communicate with or contact any tenants, or any governmental authorities, including without limitation, the various federal, state, and local governmental and quasi-governmental bodies or agencies having jurisdiction over the Property (collectively, "**Authorities**") without the prior written consent of Seller. At Seller's option, Seller may be present for any entry, inspection, examination or communication. Notwithstanding anything to the contrary contained herein, no physical testing or sampling shall be conducted during any entry by Prospective Buyer or any Buyer Party upon the Property without Seller's express prior written consent.

2. **Entry and Inspection Obligations.** Prospective Buyer agrees that in entering upon and inspecting the Property, Prospective Buyer and the other Buyer Parties will not: (a) disturb the tenants or guests or interfere with the use of the Property pursuant to any leases; (b) interfere with the operation and maintenance of the Property or improvements thereon; (c) damage any part of the Property or any personal property owned or held by the tenants or any other person or entity; (d) injure or otherwise cause bodily harm to Seller or the tenants, or to any of their respective agents, guests, invitees, contractors and employees, or to any other person or entity; or (e) permit any liens to attach to the Property by reason of the exercise of Prospective Buyer's rights under this Agreement.
3. **Insurance.** Prospective Buyer will, and shall cause its contractors to, maintain comprehensive general liability (occurrence) insurance on terms and in amounts satisfactory to Seller and workers' compensation insurance in statutory limits. Prospective Buyer shall provide Seller with a certificate of insurance naming Seller and the property manager (and any other persons designated by Seller) as an additional insured. If any Buyer Party is permitted to perform any physical inspection or sampling at the Property, Prospective Buyer shall maintain (if applicable), and shall cause the relevant Buyer Parties to maintain, errors and omissions insurance and contractor's pollution liability insurance on terms and in amounts acceptable to Seller.
4. **Costs and Expenses of Inspections.** Prospective Buyer shall (a) promptly pay when due the costs of all entry and inspections and examinations done with regard to the Property, (b) cause any inspection to be conducted in accordance with standards customarily employed in the industry and in compliance with all statutes, ordinances, rules and regulations of the Authorities applicable to Seller, Prospective Buyer, the Buyer Parties and their activities on the Property, (c) at Seller's request, furnish to Seller any studies, reports or test results received by Prospective Buyer regarding the Property, promptly after such receipt, in connection with such inspection, and (d) restore the Property and the improvements thereon to the condition in which the same were found before any such entry upon the Property and inspection or examination was undertaken.
5. **Indemnity.** PROSPECTIVE BUYER HEREBY INDEMNIFIES, DEFENDS AND HOLDS SELLER, SELLER'S AFFILIATES, AND THE AGENTS, DIRECTORS, PARTNERS, MEMBERS, OFFICERS, EMPLOYEES, SUCCESSORS AND ASSIGNS OF EACH OF THEM (COLLECTIVELY, THE "Seller Parties") HARMLESS FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, CAUSES OF ACTION, DAMAGES, LIABILITIES, DEMANDS, SUITS, AND OBLIGATIONS TO THIRD PARTIES, TOGETHER WITH ALL LOSSES, PENALTIES, COSTS AND EXPENSES RELATING TO ANY OF THE FOREGOING (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS' FEES) ARISING OUT OF ANY INSPECTIONS, INVESTIGATIONS, EXAMINATIONS, SAMPLINGS OR TESTS CONDUCTED BY PROSPECTIVE BUYER OR ANY OF THE BUYER PARTIES, WHETHER PRIOR TO OR AFTER THE EFFECTIVE DATE OF THIS AGREEMENT, WITH RESPECT TO THE PROPERTY OR ANY VIOLATION OF THE PROVISIONS OF THIS SECTION 5

EVEN IF SUCH LOSSES ARE ATTRIBUTABLE TO THE NEGLIGENCE OF SELLER OR THE SELLER PARTIES.

6. **Confidentiality**. Unless Seller specifically and expressly otherwise agrees in writing, Prospective Buyer and Consultant agree that (a) the results of all inspections, analyses, studies and similar reports relating to the Property prepared by or for Prospective Buyer utilizing any information acquired in whole or in part through the exercise of Prospective Buyer's inspection rights; and (b) all documents and other information regarding the Property of whatsoever nature made available to the Buyer Parties by Seller or Seller's agents or representatives is confidential and shall not be disclosed to any other person except the Buyer Parties. Prospective Buyer agrees not to use, or allow to be used, any such information for any purpose other than to determine whether to proceed with the contemplated purchase.
7. **Contact with Authorities**. Neither Prospective Buyer nor Consultant shall disclose any information about the environmental condition of the Property that comes to the attention of Prospective Buyer or Consultant in the course of its inspections to, or contact, any Authorities having jurisdiction over the Property regarding environmental matters, without the prior written consent of Seller, unless otherwise required by law. In the event such disclosure is required by law, Seller shall have the right, but not the obligation, to elect to satisfy such obligation by making the required disclosure. Routine searches of government databases or other typical inquiries made by an environmental consultant in the course of a Phase I environmental site assessment are not subject to the restriction set forth in this Agreement.
8. **Entire Agreement**. This Agreement constitutes the entire agreement and understanding of the Parties, and supersedes all prior and contemporaneous agreements, understandings, negotiations, and purposes, whether written or unwritten. This Agreement may not be amended or modified except in writing signed by each of the Parties hereto.
9. **Attorneys' Fees**. Should any party employ an attorney to enforce any of the provisions hereof, the prevailing party in any action shall be entitled to collect from the non-prevailing party all reasonable costs, charges, expenses, and attorneys' fees, whether incurred in trial, any appellate proceedings or other proceedings.
10. **Governing Law**. This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey.
11. **Counterparts**. This Agreement may be executed in counterparts, which, when taken together, shall constitute one agreement.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

PROSPECTIVE BUYER:

By: _____
Name: _____
Title: _____

Date: _____, 2021

CONSULTANT:

By: _____
Name: _____
Title: _____

Date: _____, 2021

SELLER:

WASTE MANAGEMENT OF NEW JERSEY, INC.

By: _____
Name: _____
Title: _____

Date: _____, 2021

EXHIBIT 8

NARRATIVE DESCRIPTION OF PROJECT

The Project shall be a four (4) story residential rental (multi-family) project, to include approximately two-hundred fifty-five (255) residential units, of which twenty (20) units shall be made available as affordable housing units. The Project shall include a parking garage with approximately four hundred (400) parking spaces, tenant amenities such as courtyard space and a pool, makerspace/co-working space, and a public park on the corner of Patterson Street and Piermont Avenue, together with certain related on-site and off-site improvements. The Project shall also include a Community Center to be made open to Borough residents, in accordance with written agreements between the Redeveloper and the Borough. The Community Center shall include approximately 5,000 interior square feet of space and approximately 3,000 exterior square feet of space.

EXHIBIT 9
SITE PLAN APPROVAL BY PLANNING BOARD

The application for preliminary and final site plan approval has not yet been filed with the Planning Board. It is anticipated that such application will be filed during Q4 2022. Attached are draft architectural drawings and a draft site plan, which remain subject to further refinement.

DOCUMENT HISTORY:		
REV. #	DATE	PURPOSE

studiohillier
architecture | urban planning | design

studiohillier
100 Witherspoon Street
Princeton, NJ 08542
T 609.688.9999
F 609.688.9990
www.studiohillier.com
Signature, Date and Seal

J. Robert Hillier - Architect Lic. No. 4385

SCHEMATIC

Key Plan

Project
HILLSDALE

145 PATTERSON STREET
HILLSDALE, NJ 07642

Sheet Title
1ST FLOOR PLAN - OVERALL

SCALE: 3/8" = 1'-0"
DRAWN BY: Author
REVIEWED BY: Checker
PROJECT NO: A.0522

SHEET NO:
A111



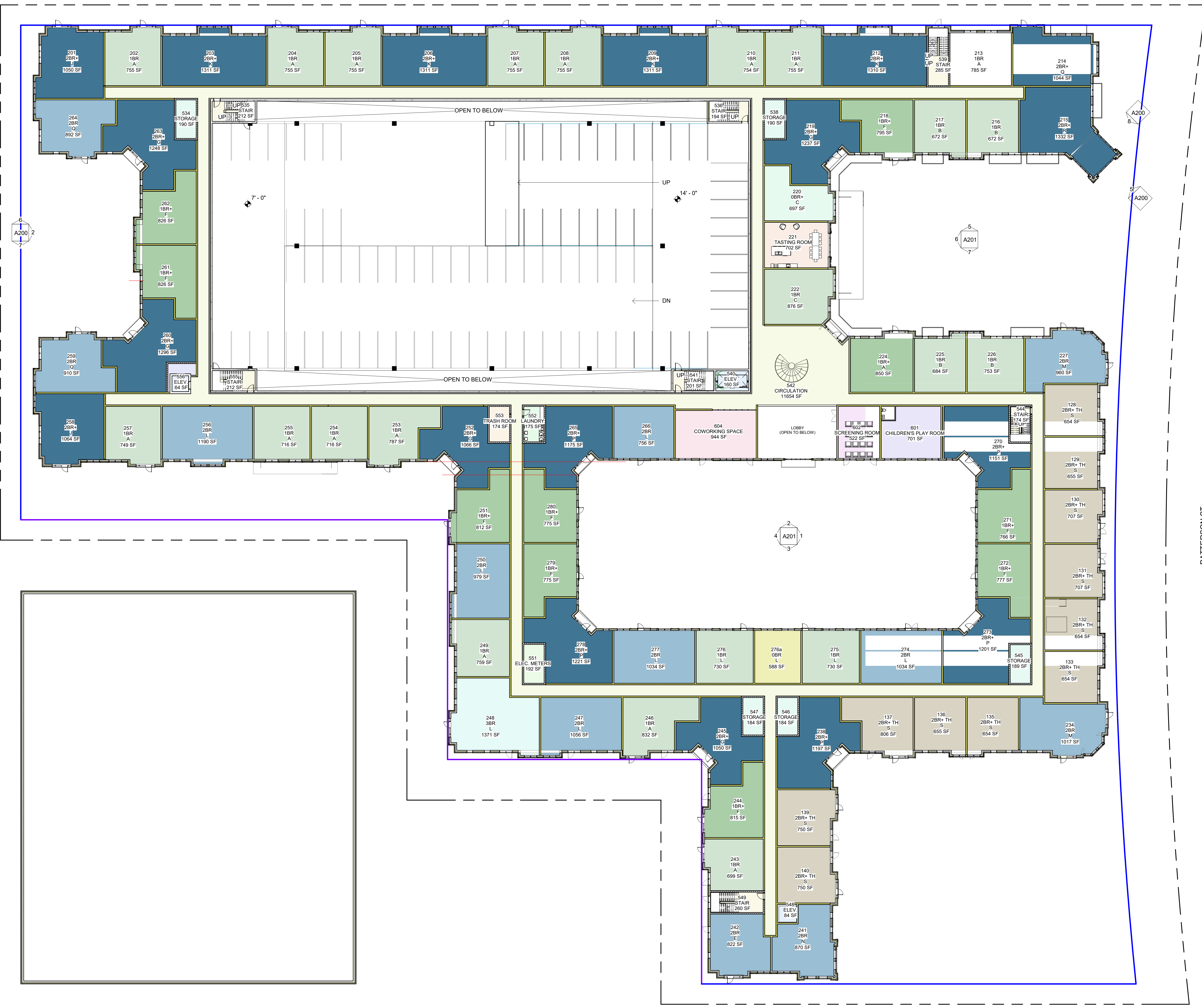
LEVEL 1
1 3/8" = 1'-0"
7/20/2022 8:21:47 PM

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DOCUMENT HISTORY:

REV.#	DATE	PURPOSE

KNICKERBOCKER AVE



studiohillier
 architecture | urban planning | design

studiohillier
 190 Witherspoon Street
 Princeton, NJ 08542
 T 609.688.9999
 F 609.688.9990

www.studiohillier.com
 Signature, Date and Seal

J. Robert Hillier - Architect Lic. No. 4385

SCHEMATIC

Key Plan

Project
HILLSDALE

145 PATTERSON STREET
 HILLSDALE, NJ 07642

Sheet Title
2ND FLOOR PLAN - OVERALL

SCALE: 3/8" = 1'-0"
 DRAWN BY: Author
 REVIEWED BY: Checker
 PROJECT NO: A.0522

SHEET NO:
A112

LEVEL 2
 1 3/8" = 1'-0"

DOCUMENT HISTORY:

REV.#	DATE	PURPOSE

studiohiller
architecture | urban planning | design

studiohiller
100 Witherspoon Street
Princeton, NJ 08542
T 609.688.9999
F 609.688.9990

www.studiohiller.com
Signature, Date and Seal

J. Robert Hillier - Architect Lic. No. 4385

SCHEMATIC

Key Plan

Project
HILLSDALE

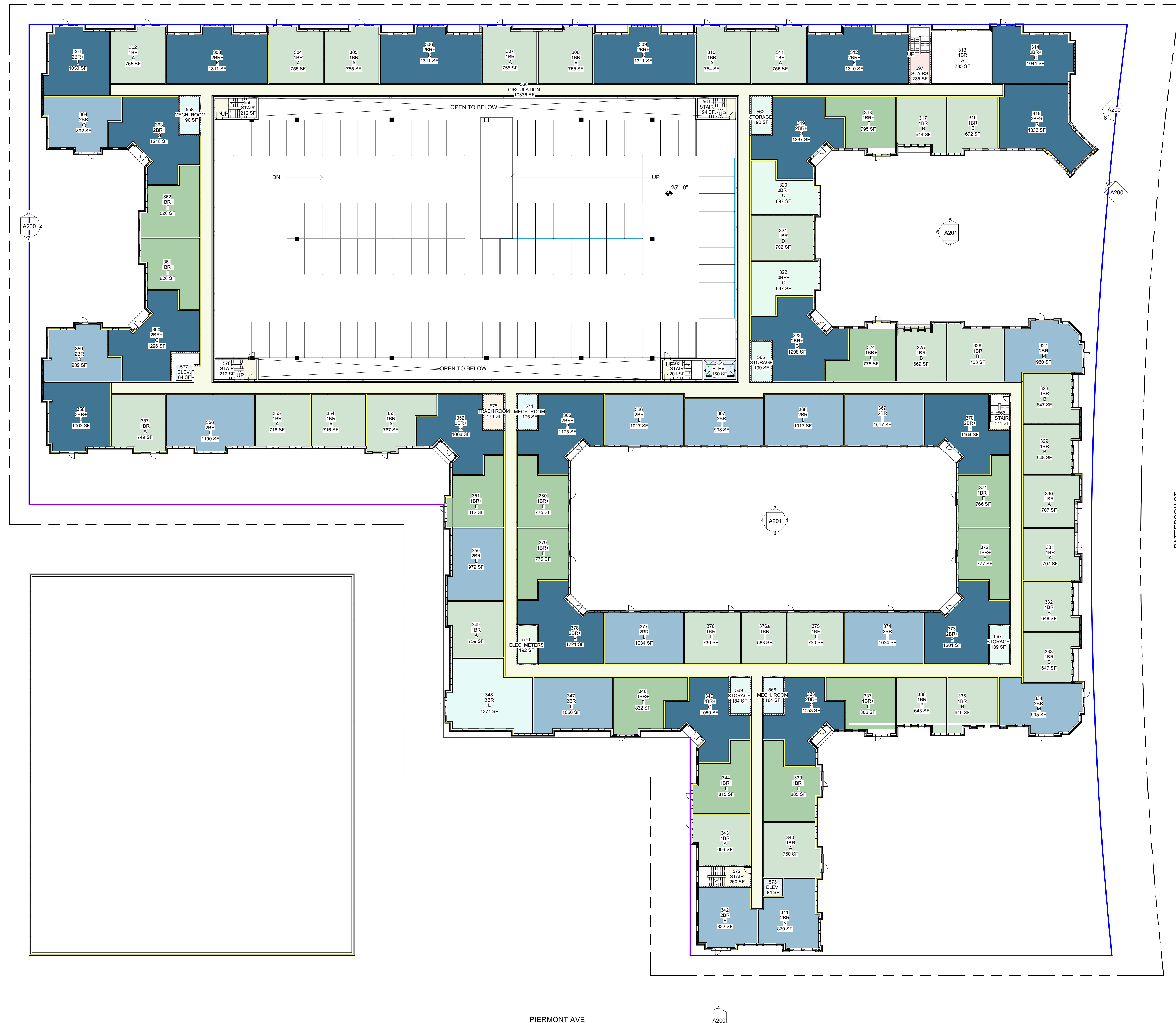
145 PATTERSON STREET
HILLSDALE, NJ 07642

Sheet Title
3RD FLOOR PLAN - OVERALL

SCALE: 3/8" = 1'-0"
DRAWN BY: Author
REVIEWED BY: Checker
PROJECT NO: A.0522

SHEET NO:
A113

KNICKERBOCKER AVE



PROSPECT PL

PATTERSON ST

PIERMONT AVE

DOCUMENT HISTORY:

REV.#	DATE	PURPOSE

studiohillier
 architecture | urban planning | design

studiohillier
 100 Witherspoon Street
 Princeton, NJ 08542
 T 609.688.9999
 F 609.688.9990

www.studiohillier.com
 Signature, Date and Seal

J. Robert Hillier - Architect Lic. No. 4385

SCHEMATIC

Key Plan

Project
HILLSDALE
 145 PATTERSON STREET
 HILLSDALE, NJ 07642

Sheet Title
**4TH FLOOR PLAN -
 OVERALL**

SCALE: 3/8" = 1'-0"
 DRAWN BY: Author
 REVIEWED BY: Checker
 PROJECT NO: A.0522

SHEET NO:
A114





EXHIBIT 10
SITE PLAN APPROVAL RESOLUTION

The application for preliminary and final site plan approval has not yet been filed with the Planning Board and therefore the site plan approval resolution is not yet available. It is anticipated that the application for preliminary and final site plan approval will be filed during Q4 2022 and that the resolution of approval will be available thereafter.

EXHIBIT 11
TOTAL PROJECT COST ESTIMATE

STATE OF NEW JERSEY)

COUNTY OF Mercer)

PATTERSON STREET URBAN RENEWAL LLC:
ARCHITECT'S ESTIMATE OF TOTAL PROJECT COST

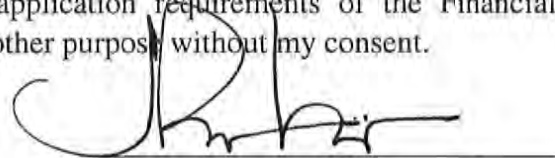
In accordance with the application for a Long Term Tax Exemption ("Application"), between PATTERSON STREET URBAN RENEWAL, LLC ("PATTERSON STREET URE") and the Borough of Hillsdale ("Borough"), the undersigned certifies to PATTERSON STREET URE and the Borough as follows:

1. I am a professional architect licensed to practice in the State of New Jersey (21AI01909300).


2. The Project will consist of the construction of a 255 unit rental apartment project (235 market-rate units and 20 affordable units) and associated amenities and site improvements. Serving as architect for the Project, I am familiar with the proposed construction of the facility, including the realty improvements that are the subject of this Application.

3. To the best of my knowledge, information and belief, based on review of Project Plans and other data provided by PATTERSON STREET URE, the estimated Total Project Cost for the Project, including soft costs is \$102,154,645, which cost is detailed on the attached **EXHIBIT A.**

4. I am providing this certification at PATTERSON STREET URE's request, for the limited purpose of compliance with the application requirements of the Financial Agreement. This certificate may not be used for any other purpose without my consent.



Name: J. Robert Hillier
Title: Studio Hillier, Managing
Principal


Sworn to and subscribed before me this
8 day of July, 2022.

OLIVER B. PELOSI
NOTARY PUBLIC OF NEW JERSEY
Comm. # 50087270
My Commission Expires 8/2/2023

EXHIBIT A
TOTAL PROJECT COST ESTIMATE

	Amount
<u>Land Costs</u>	\$13,770,000
<u>Construction Costs</u>	
Residential / Community Center Hard Costs	\$58,296,750
Parking Hard Costs	\$7,048,500
GC Fee/ General Conditions	\$6,050,000
Other Hard Costs	\$2,623,625
Total Hard Costs	\$74,018,875
<u>Soft Costs and Financing Costs</u>	Amount
Architects Engineers, Legal	\$1,425,000
Insurance	\$450,000
Real Estate Taxes During Construction	\$200,000
Financing Costs and Carry	\$3,898,759
Developer Fee	\$3,791,796
Community Benefits Payment	\$750,000
Other Soft Costs / Financing Costs	\$3,850,215
Total Soft Costs and Financing Costs	\$14,365,770
Total Development Costs	\$102,154,645

EXHIBIT 12
COST ESTIMATE FOR EACH UNIT TYPE

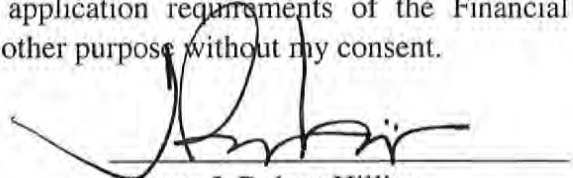
STATE OF NEW JERSEY)

COUNTY OF Mercer)

PATTERSON STREET URBAN RENEWAL LLC:
ARCHITECT'S COST ESTIMATE FOR EACH UNIT TYPE

In accordance with the application for a Long Term Tax Exemption ("Application"), between PATTERSON STREET URBAN RENEWAL, LLC ("PATTERSON STREET URE") and the Borough of Hillsdale ("Borough"), the undersigned certifies to PATTERSON STREET URE and the Borough as follows:

1. I am a professional architect licensed to practice in the State of New Jersey (21AI01909300).
2. The Project will consist of the construction of a 255 unit rental apartment project (235 market-rate units and 20 affordable units) and associated amenities and site improvements. Serving as the architect for the Project, I am familiar with the proposed construction of the facility, including the realty improvements that are the subject of this Application.
3. To the best of my knowledge, information and belief, based on review of Project Plans and other data provided by PATTERSON STREET URE, the estimated cost for each unit type is detailed on the attached **EXHIBIT A**.
4. I am providing this certification at PATTERSON STREET URE's request, for the limited purpose of compliance with the application requirements of the Financial Agreement. This certificate may not be used for any other purpose without my consent.



Name: J. Robert Hillier
Title: Studio Hillier, Managing
Principal


Sworn to and subscribed before me this
8 day of July, 2022.

OLIVER B. PELOSI
NOTARY PUBLIC OF NEW JERSEY
Comm. # 50087270
My Commission Expires 8/2/2023

EXHIBIT A

COST ESTIMATE FOR EACH UNIT TYPE

Market Rents				
Unit Type	Unit Count	Total Net Rentable Square Feet	Residential Construction Cost per Unit	Residential Construction Cost per Unit Type
Studios	19	10,925	\$239,561.089	\$4,551,660.70
1 Bedroom / 1 Bathroom	113	90,400	\$333,302.386	\$37,663,169.6
2 Bedroom / 2 Bathroom	103	120,098	\$485,788.227	\$50,036,187.40
<i>Total</i>				<i>\$92,251,017.70</i>

Affordable Rents				
Unit Type	Unit Count	Total Net Rentable Square Feet	Residential Construction Cost per Unit	Residential Construction Cost per Unit Type
1 Bedroom / 1 Bathroom	4	2,848	\$296,639.123	\$1,186,556.49
2 Bedroom / 2 Bathroom	12	13,033	\$452,492.707	\$5,429,912.49
3 Bedroom / 2 Bathroom	4	4,520	\$470,789.62	\$1,883,158.48
<i>Total</i>				<i>\$8,499,627.46</i>

Total Costs	
Market Residential Costs	\$92,251,017.70
Affordable Residential Costs	\$8,499,627.46
Community Center Costs	\$1,404,000
Total Project Costs	\$102,154,645

EXHIBIT 13
PROJECT PRO FORMA

EXHIBIT 14
PROJECT FINANCING PLAN

Construction Sources	
Developer Equity	\$35,754,126
Construction Debt	\$66,400,519
Total	\$102,154,645

EXHIBIT 15
PRIVATE FINANCING COMMITMENTS

NONE

EXHIBIT 16
EXPLANATION OF NEED FOR TAX EXEMPTION

The Project is not financeable in the absence of the requested tax exemption. In the absence of the requested tax exemption, Applicant estimates that the Project would generate a 1.94% return on equity. This return is not sufficient to attract the necessary capital to construct the Project. The estimated return on equity with the requested tax exemption is 8.57%. This is a below market return, but sufficient for Applicant to attract Project financing.

EXHIBIT 17
PROJECT SCHEDULE

	MILESTONE	DEADLINE
1	Execute and Deliver the Redevelopment Agreement	Effective Date
2	Redeveloper obtains all Governmental Approvals required for Commencement of Construction of the Phase 1 Project	Within eighteen (18) months after final, unappealable adoption of Phase 1 Plan Amendment
3	Redeveloper closes on financing for the construction of the Phase 1 Project and acquires the Phase 1 Project Site.	Within six (6) months after satisfaction of milestone 2.
4	Commencement of Construction of the Phase 1 Project	Within three (3) months of satisfaction of milestone 3.
5	Completion of Construction of the Phase 1 Project	Within thirty (30) months of satisfaction of milestone 4.

The Parties hereto acknowledge that the dates set forth in this Phase 1 Project Schedule are outside dates (subject to extensions for Force Majeure Events, any applicable cure periods, and any further extensions that may be available under the Redevelopment Agreement) and shall in no way prohibit Redeveloper from completing the actions set forth herein prior to the respective deadlines.

EXHIBIT 18
SUMMARY OF PUBLIC BENEFITS

The Project will result in a number of public benefits, which are generally described as follows:

Community Center: The Project shall include a Community Center to be made open to Borough residents, in accordance with written agreements between the Redeveloper and the Borough. The Community Center shall include approximately 5,000 interior square feet of space and approximately 3,000 exterior square feet of space.

Public Park: The Project shall include a public park to be located on the corner of Patterson Street and Piermont Avenue.

Municipal Revenue: The municipal share of ordinary taxes currently generated by the Project Site is \$35,394 annually. At stabilization of the Project, it is anticipated that the municipal share of the annual service charge will be in excess of eight hundred thousand dollars (\$800,000). Over the 30-year life of the PILOT, it is anticipated that the PILOT will generate in excess of \$31,000,000 of revenue to the Borough. Furthermore, the Project will generate additional revenue to the Borough through permit fees during construction, and ongoing water and sewer fee payments.

Employment: It is estimated that the Project will create approximately 400 construction jobs and 2 permanent jobs. Redeveloper shall make good faith efforts, and shall provide in its contracts with its contractors and subcontractors that they must make good faith efforts, to employ Borough residents and patronize Borough businesses if possible in the implementation and construction of the Project, on economically competitive terms and consistent with the Project budget. Redeveloper shall notify local residents of the pendency of the Project by way of advertisements or articles in local publications, which shall contain contact information in the event any local residents or businesses wish to apply or bid for work connected to the Project.

EXHIBIT 19
FORM OF FINANCIAL AGREEMENT

FINANCIAL AGREEMENT

THIS FINANCIAL AGREEMENT (hereinafter this “**Agreement**” or “**Financial Agreement**”) is made this [__] day of [____], 2022 (the “**Effective Date**”) by and between **PATTERSON STREET URBAN RENEWAL, LLC** (as further defined herein, the “**Entity**”), 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, *N.J.S.A. 40A:20-1 et seq.*, as amended and supplemented (the “**Exemption Law**”), with offices at 32 Mount Kemble Avenue, Morristown, New Jersey 07960, and the **BOROUGH OF HILLSDALE**, a municipal corporation of the State of New Jersey, having an address at 380 Hillsdale Avenue, Hillsdale, New Jersey 07642 (the “**Borough**”; together with the Entity, the “**Parties**”; each, a “**Party**”).

W I T N E S S E T H :

WHEREAS, in accordance with the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended from time to time (the “**Redevelopment Law**”), by Resolution #19225 adopted on September 10, 2019, the municipal council of the Borough (“**Governing Body**”) designated certain properties within the Borough, including but not limited to the parcels identified as Block 1210, Lots 10 and 11, and Block 1211, Lots 1 and 2, commonly known as 131 Patterson Street, 77 Brookside Place, 145 Patterson Street and 60 Brookside Place, and more particularly described in **Exhibit A** attached hereto (the “**Land**”), as an “area in need of redevelopment” without the power of eminent domain (the “**Redevelopment Area**”); and

WHEREAS, in accordance with the Redevelopment Law, by Ordinance No. 20-15 adopted on December 8, 2020, the Borough adopted a redevelopment plan for the Redevelopment Area on the basis of its designation as an area in need of redevelopment entitled the “Hillsdale-Patterson Street Redevelopment Plan” (as may be amended from time to time, the “**Redevelopment Plan**”); and

WHEREAS, the Entity proposes to undertake a project within the Redevelopment Area consisting of a three (3) and four (4) story complex containing approximately 255 residential units, of which twenty (20) units shall be made available as affordable housing units, a wrapped parking garage with approximately four hundred (400) parking spaces, tenant amenities such as courtyard space and a pool, ground floor makerspace/co-working space, community space and a public park on the corner of Patterson Street and Piermont Avenue, together with certain related on-site and off-site improvements, consistent with the Redevelopment Plan (collectively, the “**Project**”); and

WHEREAS, the Borough and an Affiliate of the Entity have entered into that certain Redevelopment Agreement dated [____], 2022 (the “**Redevelopment Agreement**”), approved on [____] by Resolution No. [____] of the Governing Body, to effectuate the redevelopment of the Redevelopment Area and specify the respective rights and responsibilities of the Parties with respect to the Project; and

WHEREAS, the Entity has submitted an application to the Borough for the approval of a long-term tax exemption (the “**Long Term Tax Exemption**”) for the Project pursuant to the Exemption Law, which application is attached hereto as **Exhibit B** (the “**Application**”); and

WHEREAS, on [_____], 2022, the Mayor of the Borough recommended to the Governing Body that the Application be approved, provided that all legal prerequisites are met; and

WHEREAS, on [_____], 2022, by Ordinance No. [___] (the “**Ordinance**”), the Governing Body approved the Application, subject to the terms and conditions of this Financial Agreement and authorized the execution of this Financial Agreement; and

WHEREAS, pursuant to this Financial Agreement, the Borough and the Entity desire to set forth in detail their mutual rights and obligations with respect to the Long Term Tax Exemption; and

WHEREAS, the Governing Body has reviewed the Application and has made the following findings:

A. Benefits of Project v. Costs.

i. The development and construction of the Project, as set forth in the Redevelopment Agreement and Redevelopment Plan, will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Redevelopment Area and will enhance the economic development of the Borough.

ii. It is anticipated that the development of the Project will create approximately 400 full-time equivalent construction jobs over the duration of the construction of the Project, as well as approximately 2 full-time permanent jobs in connection with the operation of the Project.

iii. Pursuant to this Financial Agreement, the Project is projected to generate revenue for the Borough in the first year well in excess of the municipal revenue generated by *ad valorem* taxes in 2021. The benefits to the Borough accruing as a result of the Project, including the generation of jobs, the revitalization of the Redevelopment Area, the environmental remediation of the Land, and the generation of municipal revenues, will substantially outweigh any incremental costs to the Borough resulting from the Long Term Tax Exemption granted herein.

B. Importance of Long Term Tax Exemption.

The Governing Body’s approval of the Long Term Tax Exemption set forth herein is essential to the success of the Project because:

i. The relative stability and predictability of the Annual Service Charge (as defined below) associated with the Project will make it more attractive to financial institutions whose participation is necessary in order to finance the Project.

ii. The relative stability and predictability of the Annual Service Charge will allow the Entity to provide a high level of maintenance for the Redevelopment Area and will have a positive impact on the surrounding area and community.

iii. The financial benefit conferred by the Long Term Tax Exemption is a critical incentive for the Entity to undertake the Project due to the extraordinary costs associated with the development of the Project. In light of market conditions and other economic factors impacting this Project, it is not financially feasible to undertake the development of this Project in the absence of the tax exemption. For this reason it is critical for the Entity that it receives the Long Term Tax Exemption as it would not be able to raise the debt and equity required to locate its business in the Borough without this exemption.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement mutually covenant and agree as follows:

ARTICLE I **GENERAL PROVISIONS**

Section 1.1 Governing Law

This Financial Agreement shall be governed by the provisions of the Exemption Law, the Redevelopment Law, the Ordinance, and all other Applicable Laws, as defined below. It is expressly understood and agreed that the Borough has relied upon the facts, data, and representations contained in the Application in granting the Long Term Tax Exemption and the Application is hereby incorporated into this Financial Agreement by reference.

Section 1.2 General Definitions and Construction

The recitals and exhibits to this Agreement are hereby incorporated by reference herein as if set forth at length. Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms and phrases shall have the following respective meanings:

- a. **Affiliate** – With respect to any person or entity, any other person or entity directly or indirectly Controlling or Controlled by, or under direct common Control with, such person or entity.
- b. **Agreement or Financial Agreement** – Shall have the meaning specified in the preamble hereof.
- c. **Allowable Net Profit (also referred to as “ANP”)** – The amount arrived at by applying the Allowable Profit Rate to Total Project Cost pursuant to the provisions of *N.J.S.A. 40A:20-3*.

- d. **Allowable Profit Rate** (also referred to as the “APR”) – 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 for the Project. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, 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 APR shall be the greater of twelve (12%) percent or the percentage per annum arrived at by adding one and one-quarter (1.25%) percent to the prevailing per annum interest rate on mortgage financing on comparable improvements within Bergen County. The provisions of *N.J.S.A. 40A:20-3(b)* are incorporated herein by reference.
- e. **Annual Administrative Fee** – Shall have the meaning specified in Section 4.9 hereof.
- f. **Annual Gross Revenue** (also referred to as the “AGR”) – Annual gross revenue for the Project, as determined pursuant to the Exemption Law and the terms of this Financial Agreement. Annual Gross Revenue shall exclude, without limitation, any gain realized by the Entity on the sale of the Project, the proceeds of any condemnation or casualty awards, insurance proceeds, proceeds of any financing or refinancing, any reimbursement by the Entity or any Affiliate of the Entity for site development costs allocable to an Affiliate, and the deposition of a partner or partner’s equity interest in the Entity.
- g. **Annual Service Charge** (also referred to as the “ASC”) – The total annual amount that the Entity has agreed to pay the Borough for municipal services supplied to the Project, which sum is in lieu of any taxes on the Land and the Improvements pursuant to the Exemption Law, which amount shall be prorated in the year in which the Annual Service Charge begins and the year in which the Annual Service Charge terminates. The Annual Service Charge shall be calculated pursuant to Article IV hereof.
- h. **Annual Audited Statement** – Shall mean a complete financial statement outlining the financial status of the Project, which shall also include a computation of Net Profit, Allowable Net Profit, and Annual Gross Revenue, prepared annually by the Entity’s certified public accountant. The contents of each Annual Audited Statement shall be prepared in conformity with Generally Accepted Accounting Principles, the Exemption Law, and this Financial Agreement.
- i. **Applicable Law** – Shall mean any and all federal, state and local laws, rules, regulations, rulings, court orders, statutes and ordinances applicable to the Project, the Redevelopment Area and the Long Term Tax Exemption.
- j. **Application** – Shall have the meaning specified in the recitals of this Financial Agreement.
- k. **ASC Commencement Date** – The first day of the month immediately following the Substantial Completion of any portion of the Project.
- l. **Borough** – Shall have the meaning specified in the preamble of this Financial Agreement.

- m. **Certificate of Occupancy** – A temporary or permanent certificate of occupancy issued by the appropriate Borough official, pursuant to *N.J.S.A. 52:27D-133*.
- n. **Control** – As used with respect to any person or entity, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and operation of such person or entity, whether through the ownership of voting securities or by contract or other written agreements. The entity or individual(s) with the right to direct or cause the direction of the management and operation of the managing member of the Entity shall be deemed to have Control of the Entity.
- o. **Days** – Whenever the word “Days” is used to denote time, it shall mean calendar days.
- p. **Debt Service** – The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of the Long Term Tax Exemption granted by this Financial Agreement.
- q. **Default** – A breach or failure of the Borough or the Entity to perform any obligation imposed by the terms of this Financial Agreement, or under the Exemption Law, beyond any applicable grace or cure periods set forth in this Financial Agreement. In addition, a Default under the Redevelopment Agreement, which has not been cured in accordance with the terms of the Redevelopment Agreement, for failure to commence or complete construction in accordance with the Redevelopment Agreement, shall constitute a Default under this Agreement.
- r. **Effective Date** – The date that this Agreement has been executed by both Parties.
- s. **Entity** – Shall mean the entity specified in the preamble of this Financial Agreement, which shall be qualified as an urban renewal entity under the Exemption Law. Unless the context provides otherwise, it shall also include any permitted Transferee, which shall also be qualified as an urban renewal entity under the Exemption Law as set forth in Section 8.1 hereof.
- t. **Excess Net Profits** – The amount of Net Profits that exceeds the Allowable Net Profits (ANP) for the applicable accounting period as determined in accordance with the Exemption Law.
- u. **Exemption Law** – Shall have the meaning specified in the preamble of this Financial Agreement.
- v. **Governing Body**- Shall have the meaning specified in the recitals of this Financial Agreement.
- w. **Improvements** – Any building, structure or fixture comprising the Project which is permanently affixed to the Land to be constructed and exempt under this Agreement.

- x. **Land** – Shall have the meaning specified in the recitals of this Financial Agreement, provided that the Land shall also include a portion of Brookfield Place to be vacated by the Borough and, upon such vacation, the description of the Land attached hereto as Exhibit A shall be updated by the Parties to incorporate such vacated area. No further official action of the Borough shall be required to update Exhibit A following such vacation.
- y. **Land Taxes** – The amount of any real estate taxes levied on the Land, exclusive of any Improvements related thereto.
- z. **Long Term Tax Exemption** – Shall have the meaning specified in the recitals of this Financial Agreement.
- aa. **Minimum Annual Service Charge** – The amount of the total taxes levied against the Land in the last full tax year in which the Land was subject to taxation, or Five Hundred Thousand Dollars (\$500,000.00), whichever is greater. The Minimum Annual Service Charge shall be prorated in the year in which the ASC Commencement Date occurs and the year in which the Termination Date occurs.
- bb. **Net Profit** – Annual Gross Revenue (AGR) less all operating and non-operating expenses and costs of the Entity, all determined in accordance with Generally Accepted Accounting Principles and the provisions of *N.J.S.A. 40A:20-3(c)*, but: (1) there shall be included in expenses: (a) all Annual Service Charges paid pursuant to *N.J.S.A. 40A:20-12*; (b) all payments to the municipality of excess profits pursuant to *N.J.S.A. 40A:20-15* or *N.J.S.A. 40A:20-16*; (c) an annual amount sufficient to amortize the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits, over the term of the abatement as set forth in this Financial Agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of Excess Profits, including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies, and payments into repair or maintenance reserve accounts; (e) all payments of rent including, but not limited to, ground rent by the Entity (if applicable); (f) all Debt Service; and (2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of Debt Service, income taxes, or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the Entity, or officers, partners or other persons holding any proprietary ownership interest in the Entity.
- cc. **Ordinance** – Shall have the meaning specified in the recitals of this Financial Agreement.
- dd. **Party or Parties** – Shall have the meaning specified in the preamble of this Financial Agreement.

- ee. **Payment Default** – The nonpayment or late payment by the Entity of all or a portion of Land Taxes, the Administrative Fee, Annual Service Charge or Minimum Annual Service Charge
- ff. **Project** - Shall have the meaning specified in the recitals of this Financial Agreement.
- gg. **Redevelopment Agreement** – Shall have the meaning specified in the recitals of this Financial Agreement.
- hh. **Redevelopment Area** – Shall have the meaning specified in the recitals of this Financial Agreement.
- ii. **Redevelopment Law** – Shall have the meaning defined in the recitals of this Financial Agreement.
- jj. **Redevelopment Plan** – Shall have the meaning defined in the recitals of this Financial Agreement.
- kk. **Reserve** – Shall have the meaning defined in Section 6.2 of this Financial Agreement.
- ll. **Secured Party or Secured Parties** – Shall have the meaning defined in Section 8.3(a) of this Financial Agreement.
- mm. **Security Arrangements** – Shall have the meaning defined in Section 8.3(a) of this Financial Agreement.
- nn. **Substantial Completion** – The determination by the Borough construction official that the Project, in whole or in part, is ready for the use intended, which shall mean the date on which the Project receives, or is eligible to receive, any Certificate of Occupancy for any portion of the Project.
- oo. **Tax Assessor** – The Borough tax assessor.
- pp. **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 ASC Commencement Date; or (iii) such other date as this Financial Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law.
- qq. **Total Project Cost** – Shall be as calculated in accordance with Section 3(h) of the Exemption Law.
- rr. **Transferee** – Shall have the meaning specified in Section 8.1 of this Financial Agreement.

Section 1.3 Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

A. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of delivery of this 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 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 Agreement, nor shall they affect its meaning, construction or effect. All references to articles, sections or exhibits in this Agreement shall, unless indicated otherwise, refer to the articles, sections or exhibits in this Agreement.

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

ARTICLE II **PROJECT AND PROPERTY**

Section 2.1. Borough’s Findings

Pursuant to the Exemption Law, the Borough finds that the Long Term Tax Exemption granted pursuant to this Financial Agreement will benefit the Borough and the community by assuring the success of the redevelopment of the Redevelopment Area, which exhibits the statutorily recognized redevelopment criteria. The development and construction of the Project, as set forth in the Redevelopment Agreement and Redevelopment Plan, will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area, including environmental remediation of the Redevelopment Area; will improve the quality of life for the community; is expected to generate 400 construction jobs and 2 permanent jobs; will serve as a catalyst for further private investment in areas surrounding the Redevelopment Area and will enhance the economic development of the Borough. The benefits to the Borough accruing as a result of the Project, including the generation of jobs, the revitalization of the Redevelopment Area, the environmental remediation of the

Redevelopment Area, and the generation of municipal revenues, will substantially outweigh any incremental costs to the Borough resulting from the Long Term Tax Exemption granted herein.

The Long Term Tax Exemption is important to the Borough and the Entity because without the incentive of the Long Term Tax Exemption, it is unlikely that the Project would be undertaken. The Long Term Tax Exemption will allow the Entity to provide a high level of maintenance for the Redevelopment Area.

Section 2.2 Approval of Agreement

The Borough hereby approves a Long Term Tax Exemption for the Project, which is to be constructed, operated and maintained on the Land in accordance with the terms and conditions set forth herein, the Redevelopment Agreement, the provisions of the Exemption Law, and other Applicable Law. Pursuant to the Ordinance, the Land and Improvements to be constructed and maintained by the Entity shall be exempt from taxation as provided for herein.

Section 2.3 Approval of the Entity

The Borough hereby approves of the Entity in reliance upon the Entity's representation that its certificate of formation contains all the requisite provisions of law, has been reviewed and approved by the Commissioner of the New Jersey State Department of Community Affairs, and has been filed with, as appropriate, the New Jersey State Department of Treasury, all in accordance with *N.J.S.A. 40A:20-5*.

Section 2.4 Redevelopment of the Land

The Entity agrees that it will develop, construct, operate and maintain the Project in accordance with the terms of the Redevelopment Agreement and the Redevelopment Plan. The final design of the Project shall be as approved by the Planning Board of the Borough, in accordance with the Redevelopment Plan.

Section 2.5 Entity's Relationship to Land

Land will be owned in fee simple by the Entity.

ARTICLE III **OWNERSHIP, MANAGEMENT AND CONTROL**

Section 3.1 Entity's Representation

The Entity represents that an Affiliate is the contract purchaser of the Land, and that the Entity shall be the owner of the Land prior to the commencement of construction of the Project. Following the Entity's acquisition of the Land, it shall remain the fee title owner of the Land throughout the development and construction of same, subject to its right of transfer in accordance with Section 8.1 hereof and the terms of the Redevelopment Agreement.

Section 3.2 Required Provisions of Financial Agreement

To the extent not otherwise set forth herein, those items required by *N.J.S.A. 40A:20-9* to be included in this Financial Agreement are set forth in the Application attached hereto as Exhibit B, which is incorporated herein as if set forth at length, and the Entity represents and warrants as to the accuracy of the contents thereof. 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.

Section 3.3 Fiscal Plan

The Entity represents that it intends to finance the Improvements in accordance with the representations set forth in the Application, including the fiscal plan attached thereto, which is also attached hereto as Exhibit C. The Application and fiscal plan set forth, among other things, the estimated Total Project Cost, amortization rates on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid in capital, and the terms of any mortgage amortization. Notwithstanding the foregoing, the Entity may finance the Project in any commercially reasonable manner, depending on the conditions, including, without limitation, in the capital markets, at the time of any such financing(s).

Section 3.4 Estimated Annual Gross Revenues

The Entity sets forth its good faith projections of the Annual Gross Revenue from the Project in the Fiscal Plan annexed to and made a part of this Financial Agreement at Exhibit C.

ARTICLE IV **LONG TERM TAX EXEMPTION; ANNUAL SERVICE CHARGE**

Section 4.1 Term

Subject to compliance with this Agreement, this Agreement shall be in effect from the Effective Date through the Termination Date. However, in no case shall this Agreement remain in effect longer than 35 years from the Effective Date. Upon the expiration of this Agreement, (i) the tax exemption for the Project shall expire and the Land and the Improvements thereon shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Borough, and (ii) any restrictions and limitations upon the Entity shall terminate upon such Entity's rendering and the Borough's acceptance of its final accounting to the Borough, pursuant to *N.J.S.A. 40A:20-13*.

Section 4.2 Calculation of Annual Service Charge; Schedule of Staged Adjustments

(a) Calculation of Annual Service Charge. In consideration of the Borough granting the Entity the Long Term Tax Exemption set forth in this Financial Agreement, the Entity shall

pay to the Borough for municipal services supplied to the Project, as provided in the Exemption Law, an Annual Service Charge as follows:

(i) From the ASC Commencement Date until the 10th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of ten percent (10%) of AGR or the Minimum Annual Service Charge;

(ii) From the first day after the 10th anniversary of the ASC Commencement Date until the 20th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of eleven percent (11%) of AGR or the Minimum Annual Service Charge;

(iii) From the first day after the 20th anniversary of the ASC Commencement Date until the 23rd anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of twelve percent (12%) of AGR or the Minimum Annual Service Charge;

(iv) From the first day after the 23rd anniversary of the ASC Commencement Date until the 25th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of thirteen percent (13%) of AGR or the Minimum Annual Service Charge.

(v) From the first day after the 25th anniversary of the ASC Commencement Date until the 27th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fourteen percent (14%) of AGR or the Minimum Annual Service Charge.

(vi) From the first day after the 27th anniversary of the ASC Commencement Date until the 30th anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fifteen percent (15%) of AGR or the Minimum Annual Service Charge.

(b) Schedule of Staged Adjustments. The Annual Service Charge shall be reviewed and shall be adjusted in stages over the term of this Agreement in accordance with *N.J.S.A. 40A:20-12(b)* as follows:

(i) **Stage One:** For each of the years one (1) through fifteen (15) from the ASC Commencement Date, the Annual Service Charge shall be the amount due pursuant to Section 4.2(a) of this Agreement;

(ii) **Stage Two:** For each of the years sixteen (16) through twenty-one (21) from the ASC Commencement Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.2(a) of this Agreement; or (2) twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iii) **Stage Three:** For each of the years twenty-two (22) through twenty-seven (27) from the ASC Commencement Date, the Annual Service Charge shall be greater of (1) the amount due pursuant to Section 4.2(a) of this Agreement; or (2) forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iv) **Stage Four:** For each of the years twenty-eight (29) through twenty-nine (29) from the ASC Commencement Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.2(a) of this Agreement; or (2) sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(v) **Stage Five:** For the thirtieth (30th) year from the ASC Commencement Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.2(a) of this Agreement; or (2) eighty percent (80%) of the amount of the taxes otherwise due on the value of the Land and Improvements.

Section 4.3 Minimum Annual Service Charge

Notwithstanding anything to the contrary in this Financial Agreement, including, without limitation, Section 4.2 hereof, the Annual Service Charge for the Project shall not be less than the Minimum Annual Service Charge.

Section 4.4 Land Taxes

The Land shall be exempt from Land Taxes from the ASC Commencement Date through the Termination Date in accordance with *N.J.S.A. 40A:20-12*, provided, however, that if such exemption of Land Taxes is invalidated by a court of competent jurisdiction, then this Agreement shall remain in full force and effect and shall be reformed to provide that:

- (a) Land Taxes are assessed on the Land; and
- (b) The Entity, or its Transferee, shall be entitled to a credit against the Annual Service Charge for the amount, without interest, of the Land Tax payments timely made in the last four (4) preceding quarterly installments; and
- (c) The gross amount of the Annual Service Charge in each year shall be increased by the amount of the Land Tax credit.

Section 4.5 Quarterly Installments

The Annual Service Charge or the Minimum Annual Service Charge, as the case may be, and if applicable, Land Taxes, shall be paid in quarterly installments on those dates when ad valorem real estate tax payments on other properties within the Borough are due, subject to adjustment for over payment or underpayment within thirty (30) Days after the close of each calendar year, and the Borough shall issue bills to the Entity specifying such amounts due on the same schedule as ad valorem real estate tax bills are issued to other property owners in the Borough. If the Entity fails to so pay, the amount unpaid shall bear the highest rate of interest permitted in the case of the unpaid taxes or tax liens on the Land until paid. The Entity's failure to make the requisite payments of Annual Service Charge or Minimum Annual Service Charge, or if applicable, Land Taxes, in a timely manner shall constitute a Default under this Agreement and the Borough may, among its other remedies as provided in this Financial Agreement, proceed against the Project pursuant to the In Rem Tax Foreclosure Act, *N.J.S.A. 54:5-1 et seq.* In addition, the Borough may terminate this Agreement with respect to the Project in accordance with Section

5.4 hereof. Any Default arising out of the Entity's failure to pay the Annual Service Charge, Minimum Annual Service Charge, or if applicable, Land Taxes, shall not be subject to the dispute resolution remedies provided in Section 5.1.

Section 4.6 Rights and Obligations Related to Long Term Tax Exemption

A. All Annual Service Charge or Minimum Annual Service Charge payments, as the case may be, made pursuant to this Financial Agreement shall be in lieu of taxes and, as set forth above, the Borough shall have the rights and remedies of tax enforcement granted to a municipality by Applicable Law, including those of in rem tax foreclosure pursuant to *N.J.S.A. 54:5-1*, just as if said payments constituted regular real property tax obligations on other real properties within the Borough.

B. If the ASC Commencement Date occurs on a date other than the last day of a quarter, the amount of ad valorem real estate taxes for such period up to the ASC Commencement Date shall be based on a per diem basis for such quarter.

Section 4.7 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)*.

Section 4.8 Payment of Conventional Taxes Prior to ASC Commencement Date

The Parties agree that conventional property taxes, including Land Taxes, are due from time to time in accordance with Applicable Law prior to the ASC Commencement Date.

Section 4.9 Administrative Fee

In addition to the Annual Service Charge, the Borough reserves the right to charge the Entity an annual administrative fee (the "**Annual Administrative Fee**") in an amount equal to two percent (2%) of the Annual Service Charge. The Annual Administrative Fee shall be due on or before November 1 in each year following the ASC Commencement Date.

Section 4.10 Other Municipal Services.

Nothing herein shall exempt the Entity from the payments required under the Borough code for the provision of municipal services, including, without limitation, water and sewer charges. The Entity shall timely pay for any municipal services rendered to the Project or to the Land, on the same terms as other similar situated property owners in the Borough.

ARTICLE V **DISPUTE RESOLUTION; DEFAULT**

Section 5.1 Agreement to Arbitrate

If the Borough or the Entity breaches this Financial Agreement (other than with respect to a Payment Default), or a dispute arises between the Parties regarding the terms and provisions set forth herein, then the Parties shall submit the dispute to arbitration, which shall utilize State law and the arbitration rules of the American Arbitration Association in the State of New Jersey, to be resolved in accordance with its rules and regulations in such fashion as to accomplish the purposes of the Exemption Law and this Financial Agreement. The costs of arbitration shall be borne equally by the Parties involved in the arbitration. The demand for arbitration shall be filed in writing and shall be made within a reasonable time after a dispute or breach occurs. (Section 1.3(F) hereof shall not apply for purposes of the foregoing sentence.) The arbitrator(s) shall make written findings of fact and conclusions of law. Any arbitration award may be appealed by either Party to the New Jersey Superior Court, Law Division, with respect to asserted errors of fact or law, and the outcome of such appeal may be further appealed in the State courts, and shall not be limited in any way due to the origin of the action in arbitration.

Notwithstanding the foregoing, if the Entity fails to pay the Annual Service Charge, Minimum Annual Service Charge, or if applicable, Land Taxes, the Borough among its other remedies, reserves the right to proceed against the Project pursuant to *N.J.S.A. 54:5-1 to 54:5-129*, and any Act supplementary or amendatory thereof, and shall not be required to submit such matters to arbitration. Whenever the word “Taxes” appears or is applied, directly or implied, to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the Annual Service Charge are taxes or municipal liens on land.

Section 5.2 Covenant to Make Payments

The Entity agrees that timely payment of the Land Taxes (during any period in which Land Taxes are not exempt hereunder), the Minimum Annual Service Charge and/or the Annual Service Charge to the Borough, as well as continued compliance with Applicable Laws, are material conditions of this Financial Agreement. The failure to make any of the aforesaid payments in timely fashion shall constitute both a breach of this Financial Agreement and a tax payment delinquency under Applicable Law.

Section 5.3 Remedies upon Default

All of the remedies provided in this Agreement, and all rights and remedies granted to the Parties by law and equity, shall be cumulative and concurrent. No termination of any provision within this Agreement shall deprive the Borough of any of its remedies in accordance with law or actions against the Entity because of its failure to pay Land Taxes (during any period in which Land Taxes are not exempt hereunder), the Annual Service Charge, and/or water and sewer charges with interest payments. The bringing of any action due to a Default under this Agreement shall not be construed as a waiver of the right to enforce any other remedy provided in this Agreement. Nothing in this Agreement shall be deemed to create personal liability on the part of any Entity for any of the provisions of this Agreement, the Borough’s rights and remedies to collect any obligation due and owing hereunder to be the same as the Borough’s rights and remedies with respect to collection of real estate taxes generally under applicable law.

Section 5.4 Notification of Breach Required

The Borough shall notify the Entity in writing of any breach relating to the terms of this Financial Agreement. If the Entity fails to cure a Payment Default within ten (10) Days of the actual delivery of notice by the Borough, or fails to cure any other breach within thirty (30) Days after the actual delivery of notice by the Borough, or within any additional periods to which the Parties may agree to, in writing (with respect to Defaults other than Payment Defaults, the Borough shall not unreasonably refuse to grant a reasonable extension of the cure period, not to exceed sixty (60) Days after the notice unless the Borough in its sole discretion shall agree to a longer cure period), the Borough may invalidate the Long Term Tax Exemption by providing thirty (30) Days' written notice to the Entity, which shall inform the Entity that the Long Term Tax Exemption shall terminate at the expiration of said thirty (30) Day notice period due to the breach of the terms of this Financial Agreement. In addition, for any time period prior to the issuance of the Phase 1 Certificate of Completion (as defined in the Redevelopment Agreement), if the Redevelopment Agreement has been terminated in accordance with its terms due to an Event of Default by the Redeveloper thereunder, this Financial Agreement shall also automatically terminate; provided, further that following the commencement of construction of the Project, no Event of Default under the Redevelopment Agreement with respect to the Phase 2 Project (as defined in the Redevelopment Agreement) shall constitute a Default hereunder or give rise to any basis to terminate this Financial Agreement.

Section 5.5 Force Majeure

Neither Party shall be liable to the other for failure to perform its obligations under this Agreement due to causes that are beyond the reasonable control and not substantially due to the fault or negligence of the Party seeking to excuse delay or failure of performance of an obligation hereunder by reason thereof, including, but not limited to, declarations of public emergency; acts of nature (as to weather-related events, limited to severe and unusual events or natural occurrences such as hurricanes, tornadoes, earthquakes, and floods); acts of the public enemy; acts of terrorism; acts of war; fire; epidemics; quarantine restrictions; blackouts, power failures or energy shortages; governmental embargoes; strikes or similar labor action by equipment or material suppliers or transporters, or unavailability of necessary building materials. Notwithstanding the foregoing, the payment of Land Taxes (during any period in which Land Taxes are not exempt hereunder), Annual Service Charge, Minimum Annual Service Charge and Administrative Fee are material conditions of this Agreement which shall not be excused by the occurrence of a force majeure event.

Section 5.6 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a reasonably timely manner. The Borough shall reasonably cooperate in processing Entity's request(s) for the issuance of any Certificate(s) of Occupancy.

Section 5.7 Filing of Certificate of Occupancy

It shall be the responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector of the Borough a copy of any Certificate of Occupancy issued for the Project.

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 **LIMITATION ON PROFITS**

Section 6.1 Entity's Covenant of Limitation on Profits

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(c)*, this calculation shall be completed in accordance with generally accepted accounting principles. In accordance with *N.J.S.A. 40A:20-15*, Excess Net Profits shall be calculated on an annual but cumulative basis.

Section 6.2 Permitted Reserves

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 prior fiscal year (hereinafter referred to as the “**Reserve**”) 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*.

Section 6.3 Payment of Dividend and Excess Profit Charge

In accordance with *N.J.S.A. 40A:20-15*, if the Net Profits of the Entity shall exceed the Allowable Net Profits in any accounting period, then the Entity, within ninety (90) Days after the end of the accounting period, shall pay such Excess Net Profits to the Borough as an additional Annual Service Charge; provided, however, that the Entity may maintain a Reserve as determined pursuant to Section 6.2.

Section 6.4 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 6.2, and the Excess Net Profits, if any.

ARTICLE VII
TERMINATION OF AGREEMENT AND INSPECTIONS

Section 7.1 Voluntary Termination of the Financial Agreement by Entity

Pursuant to the Exemption Law, the Entity or any Transferee may at any time after the expiration of one (1) year from the ASC Commencement Date, notify the Borough in writing that, as of a certain date designated in the notice, it relinquishes its status as an urban renewal entity under the Exemption Law and that the Entity, or Transferee, has obtained the consent of the Commissioner of the Department of Community Affairs, if required by Applicable Law. As of that date, all of the obligations and requirements contained in this Financial Agreement shall terminate. Notwithstanding the foregoing, such relinquishment shall not impact the obligation of the Entity or the Transferee, as applicable, to make payment of any Administrative Fee, Land Taxes (during any period in which Land Taxes are not exempt hereunder), Annual Service Charge, or Minimum Annual Service Charge that has accrued up to and including the Termination Date, or the obligation of the Entity or the Transferee, as applicable, to perform the final accounting required by the Exemption Law and Section 7.2 below.

Section 7.2 Termination and Final Accounting

Within ninety (90) Days after the Termination Date, whether by affirmative action of the Entity or by virtue of the provisions of the Applicable Law or pursuant to the terms of this Financial Agreement, the Entity shall provide a final accounting and pay to the Borough the Reserve, if any, pursuant to *N.J.S.A. 40A:20-15*, as well as any Excess Net Profits, if any, payable as of that date. For purposes of rendering a final accounting, the Termination Date of the Financial Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 7.3 Taxes After Termination Date

After the Termination Date, the Long Term Tax Exemption shall expire, and the relevant portion of the Land and the Improvements constructed thereupon shall thereafter be assessed and conventionally taxed according to Applicable Law as other real property in the Borough.

Section 7.4 Rights of Inspection

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project by representatives duly authorized by the Borough and Division of Local Government Services in the Department of Community Affairs pursuant to *N.J.S.A. 40A:20-9(e)*. The Entity shall also permit, upon written request, examination and audit of its books, contracts, records, documents and papers relating to the Project by representatives duly authorized by the Borough and 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 five (5) Days' prior written notice, 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. Nothing in this section shall be construed to affect, limit or restrict the powers of municipal, county, State or other officials from carrying out those inspections that are generally applicable

outside of the Exemption Law context, including, but not limited to, inspections by fire officials, construction code officials, etc.

ARTICLE VIII
SALE OR LEASE OF PROJECT

Section 8.1 Approval of Sale of Project to Entity Formed and Eligible to Operate Under Applicable Law

The Entity shall not transfer all or any portion of the Project without the prior written approval of the Borough, except that after completion of the Project, the Entity shall be permitted to transfer all or any portion of the Project to another urban renewal entity, qualified and organized under the Exemption Law (a “**Transferee**”), and approved by the Borough under the conditions set forth herein. As permitted by *N.J.S.A. 40A:20-10(a)*, it is understood and agreed that the Borough, on written application by the Entity after completion of the Project, shall consent to a sale of the Project and the transfer of this Agreement, provided: (i) the Transferee entity does not own or lease any other Project subject to long term tax exemption at the time of transfer; (ii) the Transferee entity is formed and eligible to operate under the Exemption Law; (iii) the Entity is not then in Default of the Redevelopment Agreement, this Agreement or the Exemption Law; (iv) the Entity’s obligations under this Agreement are fully assumed by the Transferee; (v) the Transferee agrees to abide by all terms and conditions of this Agreement including, without limitation, the filing of an application in a form reasonably acceptable to the Borough, and any other reasonable terms and conditions of the Borough in regard to the Project; (vi) the Transferee possesses the requisite experience, qualifications, and financial capacity to operate and manage the Project; and (vii) the principal owners of the Transferee possess the equivalent or better business reputation, financial qualifications and credit worthiness as the Entity and are otherwise reputable. The Borough may charge an administrative fee of two percent (2%) of the Annual Service Charge due in the year that the transfer is requested for processing any such application for transfer by the Entity.

Notwithstanding the above, it is expressly understood and agreed that the Entity is permitted, without the prior approval of the Borough, to effect the following transfers with respect to the Project:

- A. Encumber the Project, e.g., mortgage financing, development easements, etc., provided that any such encumbrance is subordinate to the lien of the Annual Service Charges.
- B. Transfer the ownership interest in the Entity to an Affiliate.
- C. Lease any portion of the Project to an end user, with such user not being required to be an entity eligible to operate under the Exemption Law, including, without limitation, a lease of the community center space to the Borough (if applicable).
- D. If applicable, the formation of a commercial condominium regime, to include two (2) condominium units, with the community center as one unit and the remainder of the Project as the second unit, and the associated transfer of the community center unit to the Borough. The

Parties shall determine whether a condominium regime shall be implemented in accordance with the process set forth in the Redevelopment Agreement.

Notwithstanding anything to the contrary contained in A. through E., above, or elsewhere in this Agreement, the Parties expressly agree and acknowledge that:

(i) the Entity shall not enter into any lease, whether or not with an Affiliate or related entity, that shall operate to minimize or remove revenues properly includable in the calculation of Annual Gross Revenue; and

(ii) prior to completion of the Project (and only prior to the completion of the Project) all restrictions on transfer that are set forth in the Redevelopment Agreement shall apply in accordance with the terms thereof.

Section 8.2 Obligations of Entity and Transferee after Conveyance

If the Entity transfers the Project to a Transferee with the consent of the Borough and the Transferee has assumed the contractual obligations of the transferor Entity with the Borough, pursuant to Section 8.1 hereof, then the Entity shall be absolutely discharged from any further obligations regarding the Project and shall be qualified to undertake another project pursuant to the Exemption Law. Within ninety (90) Days after the date of a transfer, the Entity shall pay to the Borough any Reserve maintained by it pursuant to this Financial Agreement, as well as any Excess Net Profits payable to the Borough pursuant to this Financial Agreement and the Exemption Law.

Section 8.3 Collateral Assignment

It is expressly understood and agreed that the Entity has the right, to the extent permitted by the Exemption Law and the Redevelopment Agreement (for any time period the Redevelopment Agreement is in effect as to the Project), to encumber and/or assign its 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 with respect to the Project, and that any such encumbrance or assignment shall not be deemed to be a violation of this Financial Agreement.

(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, subject to compliance with the Redevelopment Agreement (if then still in effect) and the Exemption Law, 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) If the Entity shall Default in any of its obligations hereunder, the Borough shall give written 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 twenty (20) Days from the date of such notice to the Secured Parties with regard to a Payment Default by the Entity 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 to -11* shall apply to this Agreement to protect the interests of any Secured Party.

ARTICLE IX **ENTITY'S COVENANTS AND REPRESENTATIONS**

Section 9.1 Management and Operation

Subject to its right to transfer the Project pursuant to Section 8.1 of this Financial Agreement, the Entity represents and covenants that the Entity will manage the Project or will contract with a third-party management company. The Entity shall be free to rent storage units to end users without the consent of the Borough.

Section 9.2 Computation of Gross Revenue

The Entity shall, for the duration of this Agreement, calculate the Annual Gross Revenue in accordance with the Exemption Law and this Financial Agreement and the computation of Annual Gross Revenue shall be shown on the Entity's Annual Audited Statement.

Section 9.3 Annual Audit Report

For so long as the Entity owns the Project and within ninety (90) Days after the close of each fiscal or calendar year (depending on the Entity's accounting basis) that this Financial Agreement shall continue in effect, commencing for the year in which the ASC Commencement Date occurs, the Entity shall submit to the Mayor of the Borough, the Governing Body, the CFO of the Borough, the Borough Administrator and the New Jersey Division of Local Government

Services within the New Jersey Department of Community Affairs, its Annual Audited Statement for the preceding fiscal or calendar year in accordance with the Exemption Law. The report shall clearly identify and calculate the Net Profit for the Entity during the previous fiscal year. The Entity assumes all costs associated with preparation of the Annual Audited Statements. Except to the extent required by Applicable Law, all financial information provided hereunder shall remain confidential and not subject to public disclosure.

Section 9.4 Total Project Cost Audit

Within ninety (90) Days after the final Certificate of Occupancy is issued for the Project, the Entity shall submit to the Mayor, Borough Administrator and Governing Body, an audit of Total Project Cost, certified as to actual construction costs by the Entity's architect.

Section 9.5 Disclosure Statement

On each anniversary date of the Effective Date of this Agreement, the Entity shall submit to the Mayor, Borough Administrator and Governing Body, who shall advise those municipal officials required to be advised, a disclosure statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the Borough may request from time to time.

ARTICLE X **INDEMNIFICATION**

Section 10.1 Indemnification

It is understood and agreed that in the event the Borough shall be named as a party defendant in any action brought against the Borough or the Entity by allegation of any breach, Default or a violation of any of the provisions of this Agreement and/or the provisions of the Exemption Law or any other 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 the Entity and/or by reason of any breach, Default or a violation of any of the provisions of this Agreement, the provisions of the Exemption Law and/or any other Applicable Law except for any willful misconduct by the Borough or any of its officers, officials, employees or agents, and the Entity shall defend the suit at its own expense. The Borough shall be entitled to intervene in any such suit, and retain attorneys of its choosing, whether as party defendant or intervenor, the cost of such attorneys to be borne by the Entity in accordance with this Section.

ARTICLE XI
MISCELLANEOUS PROVISIONS

Section 11.1 Governing Law

This Financial Agreement shall be governed by the provisions of Applicable Law including but not limited to the Exemption Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, 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.

Section 11.2 Oral Representation

Neither Party hereto has made any oral representation that is not contained in this Financial Agreement. This Financial Agreement and the Application, including all of the Exhibits attached and annexed thereto, constitute the entire Financial Agreement by and between the Parties.

Section 11.3 Modification

There shall be no modification of this Financial Agreement except by virtue of a written instrument executed by and between both Parties.

Section 11.4 Notices

A notice, demand or other communication required to be given under this Agreement by any Party to the other shall be in writing and shall be sufficiently given or delivered if dispatched by United States Registered or Certified Mail, postage prepaid and return receipt requested, or delivered by overnight courier or delivered personally (with receipt acknowledged) to the Parties at their respective addresses set forth herein, or at such other address or addresses with respect to the Parties or their counsel as any party may, from time to time, designate in writing and forward to the others as provided in this Section:

a) When sent by the Entity to the Borough:

Borough of Hillsdale
380 Hillsdale Avenue
Hillsdale, New Jersey 07642
Attn: Borough Administrator

With copy to:

McManimon, Scotland & Baumann, LLC
75 Livingston Avenue, 2nd Floor
Roseland, New Jersey 07068
Attn: Joseph P. Baumann Jr., Esq.

b) When sent by the Borough to the Entity:

Patterson Street Urban Renewal, LLC
c/o Claremont Development LLC
32 Mount Kemble Avenue
Morristown, New Jersey 07960

with a copy to:

Adam L. Peterson, Esq.
Pearlman & Miranda, LLC
Ironside Newark
110 Edison Place, Suite 301
Newark, New Jersey 07102
Telephone: (973) 707-3566
Email: APeterson@PearlmanMiranda.com

From time to time either Party may designate a different person or address for all the purposes of this notice provision by giving the other party no less than ten (10) Days' notice in advance of such change of address in accordance with the provisions hereof. Notices shall be effective upon the earlier of receipt or rejection of delivery by the addressee. Any notice given by an attorney for a party shall be effective for all purposes. In addition, if the Entity delivers formal written notice to the Borough in accordance with this Agreement, of the name and address of any Secured Party, then the Borough shall provide such Secured Party with a copy of any notice required to be sent to the Entity.

Section 11.5 Severability

If any term, covenant or condition of this Financial Agreement shall be judicially declared 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 term, covenant or condition of this Financial Agreement shall be valid and be enforced to the fullest extent permitted by Applicable Law.

If any portion of this Financial Agreement shall be judicially declared to be invalid and unenforceable and provided that a Default has not been declared pursuant to this Financial Agreement, the Parties shall cooperate with each other to take the actions reasonably required to restore the Financial Agreement in a manner contemplated by the Parties, including, but not limited to the authorization and amendment of this Financial Agreement in a form reasonably drafted to effectuate the original intent of the Parties.

Section 11.6 Good Faith

The Entity and the Borough agree to act in good faith in all of their dealings with each other.

Section 11.7 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 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 ASC Commencement 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, within ten (10) Days following the later of the effective date of the Ordinance or the execution of the Financial Agreement by the Entity, the Borough Clerk shall transmit a certified copy of the Ordinance and the Financial Agreement to the chief financial officer of Bergen County and to the Bergen County counsel for informational purposes.

Section 11.8 Recording

This entire Agreement will be filed and recorded with the Bergen County Clerk by the Entity at the Entity's expense.

Section 11.9 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 11.10 Estoppel Certificate

Within thirty (30) Days following written request therefor by the Entity, or any Secured Party, purchaser, tenant or other party having an interest in the Project, the Borough shall issue a signed estoppel certificate in reasonable form stating that (i) this Financial Agreement is in full force and effect, (ii) to the best of the Borough's knowledge, no Default has occurred under this Agreement (nor any event which, with the passage of time and/or the giving of notice would result in the occurrence of a Default) or stating the nature of any Default, and (iii) stating any such other reasonable information as may be requested. In the event the estoppel certificate discloses a Default, it shall also state the manner in which such Default may be cured.

[Signature Page Follows]

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

WITNESS:

**PATTERSON STREET URBAN RENEWAL,
LLC**

Name:

By: _____
Name: Stephen Sciaretta
Title: Authorized Signatory

STATE OF _____)
_____))
COUNTY OF _____)

SS.:

Be it remembered that on the ___ day of _____, 2022, Stephen Sciaretta personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

- (a) s/he is the Authorized Signatory of **PATTERSON STREET URBAN RENEWAL, LLC** the limited liability company named as Entity in the attached Financial Agreement;
- (b) s/he is authorized to execute the attached Financial Agreement on behalf of the Entity;
- (c) s/he executed the attached Financial Agreement on behalf of and as the act of the Entity; and
- (d) the attached Financial Agreement was signed and made by the Entity as its duly authorized and voluntary act.

Sworn and subscribed to before me
this ___ day of _____, 2022

Notary Public of the State of _____

ATTEST:

BOROUGH OF HILLSDALE

Name: Denise Kohan
Title: Borough Clerk

By: _____
Name: John J. Ruocco
Title: Mayor

STATE OF NEW JERSEY)
) SS.:
COUNTY OF BERGEN)

Be it remembered that on the ____, day of _____, 2022, John Ruocco personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

- (a) he is the Mayor of the Borough of Hillsdale, New Jersey, the Borough in the attached Financial Agreement;
- (b) he is authorized to execute the attached Financial Agreement on behalf of the Borough;
- (c) he executed the attached Financial Agreement on behalf of and as the act of the Borough; and
- (d) the attached Financial Agreement was signed and made by the Borough as its duly authorized and voluntary act.

Sworn and subscribed to before me
this ____ day of _____, 2022

Notary Public of the State of NJ

EXHIBIT A
LAND DESCRIPTION

To be attached.

EXHIBIT B
APPLICATION

Not recorded.

Copy on file with the Borough Clerk of the Borough of Hillsdale.

EXHIBIT C
FISCAL PLAN AND ESTIMATED ANNUAL GROSS REVENUES

To be attached.

EXHIBIT C
FISCAL PLAN AND ESTIMATED ANNUAL GROSS REVENUES

To be attached.

