

APPLICATION FOR TAX EXEMPTION
OF
MADISON AVENUE URBAN RENEWAL LLC

5

In accordance with the requirements of the Long Term Exemption Law, N.J.S.A. 40A:20-1, et seq., (the “Exemption Law”), Madison Avenue Urban Renewal LLC (the “Applicant” or the “Entity”) respectfully submits to the Mayor and Governing Body of the Township of Morris (the “Township”) this Application for Long Term Tax Exemption along with those documents attached and annexed hereto.

Applicant’s Name and Address:

MADISON AVENUE URBAN RENEWAL LLC
c/o RESTORATION HARDWARE, INC.
15 KOCH ROAD
CORTE MADERA, CA 94925

Project Name:

Alnwick Hall a/k/a the Abbey Redevelopment Project

1. Identification of Project Premises:

The Project Premises is located within the Township of Morris, New Jersey, in the Abbey/Alnwick Hall Redevelopment Area and consists of a series of parcels of property containing approximately 4 acres of real property and is currently known as 315 Madison Avenue, Morris Township and identified on the Morris Township Tax Map as Tax Block 8409, Lot 1 (the “Project Premises”).

2. General Statement of Nature of Redevelopment Project:

Applicant seeks to construct a Restoration Hardware gallery store featuring, exclusive of the basement area, approximately 29,000 square feet of interior showroom space; approximately 11,000 square feet of outdoor showroom space; and an approximately 15,000 square foot restaurant and associated wine bar with 120 and 44 seats respectively.

3. Description of the Project:

A color site plan and renderings depicting and describing the Project area and the proposed improvements comprising the Project are attached hereto and made a part hereof as **Exhibit A**.

4. **Type of Tax Exemption Requested:**

Pursuant to the Exemption Law, the Entity seeks a long-term tax exemption for the Project. The Applicant requests that the Annual Service Charge for the Project be initially calculated at 10% of the Annual Gross Revenue. The ASC will then escalate as indicated in the proposed Financial Agreement, annexed hereto as **Exhibit B**.

5. **Term of Exemption:**

The Applicant requests that the term of the long-term tax exemption be for a period of Thirty (30) years from the date of the Township's issuance of a Certificate of Occupancy for the Project.

6. **Financial Agreement:**

The proposed Financial Agreement between the Township and the Applicant (therein referred to as the Entity) is attached and annexed hereto as **Exhibit B**.

7. **Estimation of Total Project Cost:**

Pursuant to the Exemption Law, N.J.S.A 40A:20-3(h), the statement prepared by an architect or engineer licensed in the State of New Jersey setting forth the estimated Total Project Cost for the Project is set forth in the schedule attached and annexed hereto as **Exhibit C**.

8. **Redevelopment Process Timeline:**

Attached and annexed hereto as **Exhibit D** is a copy of the Applicant's proposed Redevelopment Project Timeline containing information relevant to the development and construction of the Project. The proposed Redevelopment Process Timeline also appears as an attachment to the RDA and is subject to the terms thereof.

9. **Financial/Fiscal Plan:**

A proposed Financial/Fiscal Plan for the Project outlining the schedule of annual gross revenue, the estimated expenditure for operation and maintenance of the Project, payments for interest, amortization of debt and reserves, and payments to be made to the Township pursuant to the Financial Agreement is annexed hereto and made a part hereof as **Exhibit E**.

10. Sources, Method and Amount of Financing For Project:

As set forth in the RDA, the Applicant will finance the development and construction of the Project through a combination of debt financing and equity secured by the Project Premises and the Project and, ultimately, a sale/leaseback of the project and the project premises. The estimated amount of financing for the Project to be obtained by the Applicant through each method of financing set forth above and the security, collateral and/or any mortgage or guaranty to be granted or pledged and/or sale/leaseback in connection therewith is set forth in the proposed Financial/Fiscal Plan attached hereto.

11. Applicant's Relationship to Project Premises:

The Applicant is the record owner in fee or has entered into a valid and binding contract to purchase each property within the Project Premises pursuant to the terms and conditions set forth in the RDA.

12. Minimum Annual Service Charges and Annual Service Charges:

Commencing upon the Effective Date of the Financial Agreement attached hereto the Applicant shall pay the Minimum Annual Service Charge.

Upon the Township's issuance of a Certificate of Occupancy for the Project, the Applicant shall pay the Annual Service Charge or the Annual Service Charge or pro rata share thereof, whichever is greater.

(A) Minimum Annual Service Charge

The Minimum Annual Service Charge for the Project shall be equal to the amount of the total Taxes levied against the real property upon which the Project is constructed in the last full tax year in which such real property was subject to taxation.

(B) Annual Service Charge

The Annual Service Charge shall be calculated as 10% of the Annual Gross Revenue from the Project and will escalate as described in Paragraph 4 above and the Financial Agreement attached as Exhibit B hereto. Attached and annexed hereto as Exhibit F is a projection of the Annual Gross Revenue and the Annual Service Charge for the Project.

13. Zoning Information:

The Project Premises are situated within the “Redevelopment Area” and was designated by the Planning Board of the Township Committee at a Public Meeting on October 1, 2018 pursuant to Resolution 229-18 as an area in need of redevelopment satisfying the requirements of N.J.S.A. 40A:12 and the Local Redevelopment and Housing Law. The redevelopment of the Project Premises is subject to the terms, conditions and restrictions contained within the Abbey/Alnwick Hall Redevelopment Plan, as adopted by the Township Committee on September 24, 2020, and as may be subsequently amended, and the RDA.

14. Real Estate Taxes:

The total real property taxes paid on the Project Premises for the 2020 Tax Year were \$63,121.80. Attached and annexed hereto as Exhibit G is a true copy of the Statement of Taxes for the Project Premises for 2020 Tax Year.

15. Municipal Tax Assessment:

The total real property aggregate assessed value of the Project Premises is \$3,390,000 for the 2020 Tax Year. Attached and annexed hereto as Exhibit H are the estimated 2021 Real Estate Property Taxes for the Project Premises. The Township has provided the estimated 2021 taxes and believes that same is accurate as presented herein.

16. Disclosure Statement:

The Applicant is an urban renewal limited liability company formed and operated pursuant to the laws of the State of New Jersey. Its status as an urban renewal entity has been duly qualified by the Commissioner of the State of New Jersey Department of Community Affairs. Attached and annexed hereto as **Exhibit I** is a true copy of the Disclosure Statement for the Applicant.

17. Certification as to Commencement of Construction:

The Applicant hereby certifies that it has not and will not commence construction of the Project prior to adoption by the Township’s Governing Body of a Resolution approving this Application and an appropriate Ordinance approving and making effective this Long Term Tax Exemption and Financial Agreement and authorizing the Mayor or other appropriate official to execute the Financial Agreement.

18. Compliance with State Law:

The Project Premises are situated within the Redevelopment Area. As such the Project Premises meets the requirements of the Exemption Law for consideration for long term tax exemption. In addition, the Applicant is lawfully established as an urban renewal entity and approved as such by the Commissioner of the State of New Jersey Department of Community Affairs. As a result thereof, it is or will be entitled to receive the benefits of the long term tax exemption under the Exemption Law. The proposed Project will be developed and constructed in accordance with the guidelines, goals and objectives set forth in the Redevelopment Plan.

19. Certificate of Formation:

Attached and annexed hereto as **Exhibit J** is a true copy of the filed Certificate of Formation of Madison Avenue Urban Renewal LLC, reviewed and approved by the Commissioner of the State of New Jersey Department of Community Affairs.

20. Exhibits:

The following exhibits are attached and annexed to this Application for Long Term Tax Exemption and are hereto incorporated herein:

- Exhibit A: Description of Project
- Exhibit B: Financial Agreement
- Exhibit C: Total Project Cost
- Exhibit D: Development Process Timeline
- Exhibit E: Financial/Fiscal Plan
- Exhibit F: Projected Annual Gross Revenue and Annual Service Charge
- Exhibit G: 2020 Real Estate Taxes
- Exhibit H: Estimated 2021 Real Estate Taxes
- Exhibit I: Disclosure Statement
- Exhibit J: Certificate of Formation

I hereby certify to the best of my knowledge and belief, that all of the information contained in this application is true and correct.

Madison Avenue Urban Renewal, LLC

By: _____

Name:

Title:

Exhibit A

Description of Project

Site Plan, Floor Plans and Elevations

FIGURE 5. PROPOSED CONCEPTUAL SITE PLAN



Exhibit B

Financial Agreement

Attached

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

By and between

TOWNSHIP OF MORRIS

and

MADISON AVENUE URBAN RENEWAL LLC

Dated: November 12, 2020

THIS FINANCIAL AGREEMENT is made this 12th day of November, 2020 (hereinafter this “Agreement” or “Financial Agreement”) between MADISON AVENUE URBAN RENEWAL LLC (along with its successors and/or assigns, hereinafter referred to as the “Redeveloper”) a New Jersey limited liability company formed in accordance with the provisions of the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. (the “Exemption Law”), having its principal office at c/o RH, 15 Koch Road, Corte Madera, CA 94925; and the **TOWNSHIP OF MORRIS**, a municipal corporation of the State of New Jersey, having its offices at 50 Woodland Avenue, Morristown, NJ 07960 (the “Township”); and together with the Redeveloper, the “Parties” or “Party”).

WITNESSETH:

WHEREAS, on October 17, 2018 pursuant to Resolution 229-18, the Township Committee of the Township of Morris, Morris County, New Jersey (the “Governing Body”) designated that certain property consisting of approximately 4+/- acres, located at 315 Madison Avenue (commonly known as 355 Madison Avenue), and identified as Block 8409, Lot 1 on the official tax maps of the Township as “an area in need of redevelopment” (the “Redevelopment Area”) in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (the “Redevelopment Law”); and

WHEREAS, pursuant to the Redevelopment Law, on September 23, 2020, pursuant to Ordinance No. 07-20 the Governing Body adopted a redevelopment plan for the Redevelopment Area (the “The Abbey Alnwick Hall Redevelopment Plan” or the “Redevelopment Plan”); and

WHEREAS, on November 12, 2020, the Township and the Redeveloper will enter into that certain redevelopment agreement, which is intended to be approved by the Governing Body on November 12, 2020 pursuant to Resolution 210-20 (the “**Redevelopment Agreement**”); and

WHEREAS, the Redeveloper is or will be the owner of the Redevelopment Area as more particularly described on Exhibit A annexed hereto and made a part hereof (the “**Property**”); and

WHEREAS, the Redevelopment Agreement sets forth the terms and conditions by which the Redeveloper will redevelop the Property by: (i) the renovation and rehabilitation of the historic original portion of the “Abbey” and the removal of later additions to the Property (ii) the construction of additional retail/restaurant space, including an outdoor seating area to complement the existing structure (iii) other site improvements including parking, landscaping and lighting improvements, and (iv) improvements to the roadway and intersection at Madison Avenue and Canfield Road, all as depicted on the concept plan attached to the Redevelopment Plan (collectively, the “**Project**”); and

WHEREAS, in accordance with the Exemption Law, the Redeveloper filed an application with the Township for approval of a long term tax exemption from real estate taxes

on the the Improvements (the “**Long Term Tax Exemption**”) for the Project, which is incorporated herein by reference (the “**Application**”); and

WHEREAS, by Resolution dated October 21, 2020, the Governing Body approved the Application; and

WHEREAS, by Ordinance No. 22-20 dated November 12, 2020, (the “**Ordinance**”), a copy of which is annexed hereto and made a part hereof as **Exhibit B**, the Governing Body granted the Long Term Tax Exemption requested by the Redeveloper, subject to the terms and conditions of this Financial Agreement, and approved and authorized the execution of this Financial Agreement; and

WHEREAS, pursuant to this Financial Agreement, the Township and the Redeveloper 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 Property; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Property and will enhance the economic development of the Township.

ii. It is anticipated that the development of the Project will create approximately 100 full-time equivalent construction jobs over the duration of the construction of the Project, as well as approximately 120 full-time permanent jobs in connection with the operation of the Project.

iii. The Project includes the very costly renovation and re-use of the historic landmark known as the “Abbey” which is also known as “Alnwick Hall”. This brick manor home was modeled after the Alnwick Castle in Northumberland, England. The structure is a remnant of “Millionaires Row”, which existed during the Gilded Age when Madison Avenue was lined with large estate homes. It was listed on the state and national register of historic places in 1985. The Abbey has been a source of pride for the Township and is an important reminder of the unique and important history of Madison Avenue. Without the certainty provided by this Agreement the costly renovation would not be undertaken by the Redeveloper. The certainty provided by this Agreement will assist the Redeveloper in obtaining satisfactory financing for such an expensive Project.

iv. The Project also includes a Right of Way dedication for the realignment of the intersection at Canfield Road, Madison Avenue and Punch Bowl Road. That eventual realignment will benefit the entire Township.

v. In 2020, the Property, including the improvements thereon, generated approximately \$62,850.60 (subject to modification as detailed below) in total real estate taxes to all government units (including the County and the school district) and \$15,492.30 to the Township. Pursuant to this Financial Agreement, the Project is projected to generate revenue for the Township well in excess of the municipal revenue generated by ad valorem taxes in 2020. The Township's authorized officers and employees have determined that the benefits to the Township accruing as a result of the Project will substantially outweigh the costs to the Township resulting from the Long Term Tax Exemption granted herein.

vi. The Long Term Tax Exemption enables the private development of a high-end furniture gallery and restaurant experience at a prominent location of the Township which will encourage further investment in the surrounding area. The Redeveloper will also make the required contribution to the Township's Affordable Housing Trust Fund pursuant to local ordinance.

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 and investors whose participation is necessary in order to finance the Project and to probable occupants.

ii. The expense and time involved in restoring historic structures is significantly in excess of the cost and time of building new structures. The investment in restoring and re-using this historic structure would be cost prohibitive without the certainty provided by this Financial Agreement.

iii. The financial benefits conferred by the Long Term Tax Exemption assists in the undertaking of the renovation of an important historic landmark, the loss of which would be a significant detriment to the Township, its residents and the community at large.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the Parties to this Financial 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 Township has relied upon the facts, data, and representations contained in the Application in its granting of 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 Financial 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 Financial Agreement, the following terms and phrases shall have the following respective meanings:

- i. **Agreement or Financial Agreement** – Shall have the meaning specified in the preamble hereof.
- ii. **Allowable Net Profit** (also referred to as “ANP”) – The amount arrived at by multiplying the Allowable Profit Rate by the Total Project Cost pursuant to the provisions of N.J.S.A. 40A:20-3(b). In accordance with the calculation set forth in the Exemption Law, specifically N.J.S.A. 40A:20-15, the amount of Allowable Net Profit shall be cumulative such that (a) with respect to the Redeveloper, it shall be an amount equal to the sum of the Allowable Net Profit of the Redeveloper in each year from and including the year that the Improvements are completed up to and including the year for which the Allowable Net Profit is being calculated, and (b) with respect to any subsequent owner, it shall be an amount equal to the sum of the Allowable Net Profit of such subsequent owner from and including the year that such subsequent owner purchased, or otherwise obtained, title to the Project up to and including the year for which the Allowable Net Profit is being calculated.
- iii. **Allowable Profit Rate** (also referred to as the “APR”) - The greater of twelve (12%) percent per year or the percentage per annum arrived at by adding one and one-quarter (1.25%) percent to the annual interest percentage rate payable on the Redeveloper'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 per year or the percentage per annum arrived at by adding one and one-quarter (1.25%) percent per annum to the interest rate per annum which the Township determines to be

the prevailing on mortgage financing on comparable improvements within Morris County.

- iv. **Annual Gross Revenue** (also referred to as the “AGR”) – Annual rental income of the Redeveloper which is generated from the Project, as determined annually pursuant to N.J.S.A. 40A:20-3(a) and the terms of this Financial Agreement. The Parties have considered and concluded that there are no insurance, operating or maintenance expenses paid by a tenant which are ordinarily paid by a landlord contemplated. The Parties agree that customary operating and maintenance expenses of commercial tenants (including without limitation those paid by a tenant in a triple net lease) such as taxes (including payments in lieu of taxes such as the Annual Service Charge), insurance, utilities and other operating and maintenance expenses shall not be included in Annual Gross Revenue. In no event shall Annual Gross Revenue include any income or revenue of any affiliate of the Redeveloper or any other Person other than the Redeveloper. Any gain realized by the Redeveloper on the sale of the Project (including the Property), whether or not taxable under federal or state law, shall not be included in computing Annual Gross Revenue. See **Exhibit “D”** attached hereto for rent schedule.
- v. **Annual Service Charge** (also referred to as the “ASC”) – The total annual amount that the Redeveloper has agreed to pay the Township for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements pursuant to the Exemption Law, which amount shall be prorated in the year in which the ASC Commencement Date occurs and the year in which the Annual Service Charge terminates. The Annual Service Charge shall be calculated pursuant to Article IV hereof.
- vi. **Annual Audited Statement** - Shall mean a complete financial statement (including supplementary information) 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 Redeveloper’s certified public accountant, who is, or whose firm is, licensed to practice that profession in the State of New Jersey. The contents of each Annual Audited Statement shall be prepared in conformity with Generally Accepted Accounting Principles, the Exemption Law, and this Financial Agreement.
- vii. **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.
- viii. **Application** – Shall have the meaning specified in the preamble of this Financial Agreement.
- ix. **ASC Commencement Date** – The date of issuance of Certificate(s) of Occupancy for the entire Project authorizing the occupancy of the entire Project. The thirty (30) year term (the “Exemption Term”) shall run from the ASC Commencement Date.
- x. **Township** – Shall have the meaning specified in the preamble of this Financial Agreement.

- xi. **Certificate of Occupancy** - A permanent certificate of occupancy issued by the appropriate Township official, pursuant to N.J.S.A. 52:27D-133, authorizing the occupancy of a building.
- xii. **Days** - Whenever the word “Days” is used to denote time, it shall mean calendar days.

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.
- xiii. **Default** - A breach or failure of the Township or the Redeveloper to perform any obligation imposed upon the Township or the Redeveloper, as applicable, by the terms of this Financial Agreement, or under the Exemption Law, beyond the expiration of any applicable grace, notice or cure periods set forth in this Financial Agreement.
- xvi. **Effective Date** – The date upon which both Parties execute this Financial Agreement.
- xiv. **Redeveloper** – Shall mean the Redeveloper specified in the preamble of this Financial Agreement and any successors or assigns, which shall be qualified as an urban renewal entity under the Exemption Law. Unless the context provides otherwise, it shall also include any Transferee (as defined in Article VIII hereof) permitted pursuant to Article VIII hereof, which shall also be qualified as an urban renewal entity under the Exemption Law as set forth in Article VIII hereof.
- xv. **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.
- xvi. **Excess Profits Accounting Period** -Shall mean the period in accordance with N.J.S.A. 40A:20-15 commencing on the date on which the Improvements are completed and terminating at the end of the last fiscal year of the Redeveloper, but not less than one fiscal year of the Redeveloper, in which the Net Profits of the Redeveloper exceed Allowable Net Profits as more particularly set forth in N.J.S.A. 40A:20-15.
- xvii. **Exemption Law** - Shall have the meaning specified in the preamble of this Financial Agreement.
- xviii. **Governing Body**- Shall have the meaning specified in the preamble of this Financial Agreement.
- xix. **Improvements** - Shall mean any building, structure, fixture or improvement comprising the Project which is permanently affixed to the Property to be acquired, constructed, renovated or developed and exempt under this Financial Agreement.

- xx. **Land Taxes** – Shall mean the amount of real estate taxes levied on the Property, exclusive of any Improvements related thereto. Land Taxes paid shall be applied as a credit against the Annual Service Charge.
- xxi. **Long Term Tax Exemption** – Shall have the meaning specified in the preamble of this Financial Agreement.
- xxii. **Minimum Annual Service Charge** – Shall mean the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation. The Parties acknowledge and agree that the total taxes levied against all real property in the area covered by the Project in 2020 will be \$62,850.60, and it is anticipated that 2020 will be the last full year in which the area was subject to taxation. Therefore, the Minimum Annual Service Charge shall be \$62,850.60; provided, however, that the Minimum Annual Service Charge shall be the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation.
- xxiii. **Net Profit** – Shall mean Annual Gross Revenue (“AGR”) less all operating and non-operating expenses and costs of the Redeveloper, all determined annually 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 by the Redeveloper pursuant to N.J.S.A. 40A:20-12; (b) all payments to the Township 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 over the thirty (30) year term of the abatement as set forth in this Financial Agreement; (d) all reasonable annual operating expenses of the Redeveloper, 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 Redeveloper (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 Redeveloper, or officers, partners or other persons holding any proprietary ownership interest in the Redeveloper. In accordance with the calculation set forth in the Exemption Law, specifically N.J.S.A. 40A:20-15, the amount of Net Profit shall be cumulative such that (a) with respect to the Redeveloper, it shall be an amount equal to the sum of the Net Profit of the Redeveloper in each year from and including the year that the Improvements are completed up to and including the year for which the Net Profit is being calculated, and (b) with respect to any subsequent owner, it shall be an amount equal to the sum of the Net Profit of each subsequent owner from and including the year that such subsequent owner purchased, or otherwise obtained, title to the Project up to and including the year for which the Net Profit is being calculated.
- xxiv. **Ordinance** – Shall have the meaning specified in the preamble of this Financial Agreement.

- xxv. **Party or Parties** – Shall have the meaning specified in the preamble of this Financial Agreement.
- xxvi. **Payment Default** – Shall have the meaning specified in **Section 5.4** of this Financial Agreement.
- xxvii. **Person**– Shall mean an individual, corporation, association, unincorporated organization, partnership, joint venture, limited liability company, estate, trust or other legal entity.
- xxviii. **Project** - Shall have the meaning specified in the preamble of this Financial Agreement.
- xxix. **Redevelopment Area** – Shall have the meaning specified in the preamble of this Financial Agreement.
- xxx. **Redevelopment Agreement**- Shall have the meaning specified in the preamble of this Financial Agreement.
- xxxi. **Redevelopment Law** – Shall have the meaning defined in the preamble of this Financial Agreement.
- xxxii. **Redevelopment Plan** – Shall have the meaning defined in the preamble of this Financial Agreement.
- xxxiii. **Rental Units** – A unit of space within the Project designed to be used as an office or retail space and made available for rent to the public.
- Xxxvi **Reserve** – Shall have the meaning defined in **Section 6.2** of this Financial Agreement.
- xxxvii **Secured Party or Secured Parties** – Shall have the meaning defined in **Section 8.4(a)** of this Financial Agreement.
- xxxviii **Security Arrangements** – Shall have the meaning defined in **Section 8.4(a)** of this Financial Agreement.
- xxxix **Tenant** – Any tenant of a Rental Unit.
- xl **Termination Date** – The earlier to occur of (i) thirty (30) years from the ASC Commencement Date or (ii) thirty-five (35) years from the date of execution of this Financial Agreement, including the adoption of the Ordinance under the Exemption Law authorizing the Mayor and Township Clerk to execute this Financial Agreement; or (iii) such other date as this Financial Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law or by any act or omission which by operation of the terms of this Financial Agreement or pursuant to the Exemption Law is the date the Redeveloper relinquishes its Long Term Tax Exemption.

xli **Total Project Cost (also referred to as “TPC”)**- The total cost of developing the Project, as calculated in accordance with Section 3(h) of the Exemption Law, which shall include all costs and items set forth in N.J.S.A. 40A:20-3(h), including without limitation the total cost of developing, renovating and constructing the Project through the ASC Commencement Date and the cost of acquiring the Property, and shall not be reduced by any costs which may be excluded by the last paragraph of N.J.S.A. 40A:20-3(h).

xlii. **Transfer** – Shall have the meaning specified in Article VIII of this Financial Agreement.

xliii **Transferee** – Shall have the meaning specified in Article VIII of this Financial Agreement.

ARTICLE II- PROJECT AND PROPERTY

Section 2.1. Township’s Findings

Pursuant to the Exemption Law, the Township finds that the Long Term Tax Exemption granted pursuant to this Financial Agreement will benefit the Township and the community by assuring the success of the redevelopment of the Project, which has exhibited the statutorily recognized redevelopment criteria for several years. The benefits of granting the Long Term Tax Exemption will substantially outweigh the costs, if any, associated with the Long Term Tax Exemption. The Long Term Tax Exemption is important to the Township, the Redeveloper and the Tenants because without the incentive of the Long Term Tax Exemption, it is unlikely that the Project, which will renovate an historic landmark and provide a viable re-use of the Property in this prominent location within the Township, would be undertaken. The Long Term Tax Exemption will help to offset the costs of developing and constructing the Project. The high costs associated with the renovation of an historic structure and construction of the Project, including upgrades to the intersection, and the real estate taxes that would otherwise be levied upon the Project would operate as a disincentive to the redevelopment of the Property, and would, therefore, frustrate the objectives and goals of the Redevelopment Plan. The renovation and re-use of the historic “Abbey” will also benefit the residents of the Township in preserving an important structure that ties the area to the history of “Millionaire’s Row”. The renovation and re-use of the Abbey structure will also encourage other businesses to invest in the surrounding area.

Section 2.2 Approval of Tax Exemption

The Township has approved and hereby does grant a Long Term Tax Exemption for the Project, which is to be constructed, developed, renovated and/or acquired and maintained on the Property in accordance with the terms and conditions set forth herein, the provisions of the Exemption Law, and other Applicable Law.

Section 2.3 Approval of the Redeveloper

The Township hereby approves of the Redeveloper in reliance upon the Redeveloper’s representation that its Certificate of Formation contains all the requisite provisions of law, has

been reviewed and approved by the Commissioner of the Department of Community Affairs, and has been filed with, as appropriate, the Department of Treasury, all in accordance with N.J.S.A. 40A:20-5.

Section 2.4 Redevelopment of the Property

The Redeveloper represents that it will develop and construct the Project in accordance with the terms of the Redevelopment Plan and the Redevelopment Agreement. The final design of the Project shall be as approved by the Planning Board of the Township. The Redeveloper also represents that it will enter into a parking agreement with the Township for additional parking for the Project and that such parking agreement will be independent of this Financial Agreement.

Section 2.5 Redeveloper's Relationship to Property; Representations

(a) The Property is or will be owned by the Redeveloper. A copy of the deed shall be provided to the Township upon its execution and filing with the County;

(b) It is anticipated that after the Project is completed, the Redeveloper will lease the Property to a legal entity related to RH, a Delaware corporation, as of the date hereof and that the terms of that lease must be in compliance with the Application and representations made to the Township in negotiating this Financial Agreement; and

(c) The Redeveloper shall also provide the Township with copies of the lease from the Redeveloper to any and all tenants. The terms of those lease(s) must create **an Annual Gross Revenue of not less than \$1,550,070** in the aggregate during the first five years after the ASC Commencement Date, with a **minimum of 8.5% increases in the Annual Gross Revenue every five years thereafter**. The lease(s) shall be for a term of not less than 20 years, with two five-year options to renew the lease. Each option period shall include 8.5% increases over the prior five year period in the Annual Gross Revenue. The Parties agree to renegotiate this Agreement in the event that the the tenant does not renew the lease for the Project for the two (2) five (5) year optional renewal terms set forth in the lease.

ARTICLE III – OWNERSHIP, MANAGEMENT AND CONTROL

Section 3.1 Redeveloper's Representation

The Redeveloper represents that it shall remain the owner of record of the Property throughout the development of the Project and construction of same, subject to its right of Transfer in accordance with **Section 8.1** hereof and the terms of the Redevelopment Agreement. The Redeveloper represents that a construction firm related to the Redeveloper as of the date hereof may be contracted to undertake the construction of the Project. The Redeveloper also represents that prior to or after completion of the Project, as evidenced by the issuance of all Certificates of Occupancy and recording of the Certificate of Completion in substantially the

form provided in **Exhibit D** of the Redevelopment Agreement, it may transfer membership interests in the Redeveloper in their entirety to new investor member(s). It further represents that the Redeveloper will execute a lease for the entire Property with another company, as tenant, which will be related to RH, a Delaware corporation, as constituted as of the Effective Date which lease shall be for a term of not less than 20 years, with two five-year options to renew the lease. Each option period shall include 8.5% increases over the prior five year period in the Annual Gross Revenue. The Redeveloper represents and covenants that upon completion, the Project, including the Property and Improvements, shall be used, managed and operated for the purposes set forth in the Application and in accordance with the Redevelopment Plan and Applicable Law. The Redeveloper represents and agrees that there will be no retail sales to the general public which will take place at the Project until the ASC Commencement Date.

Section 3.2 Estimated Annual Gross Revenue

The Redeveloper represents that the annual gross revenue (“AGR”) for the first five years of operation shall be not less than **\$1,550,070**, with 8.5% increases each five (5) years thereafter for the duration of this Financial Agreement. This AGR is based upon the income resulting from a lease by the Redeveloper to a Tenant. The Parties acknowledge that the Redeveloper and the contemplated Tenant are related entities as of the date hereof and, as such, the Township requires and the Redeveloper agrees to the following:

- (a) The Redeveloper shall enter into a tenant lease which shall contain terms that are in compliance with the minimums provided for in **Section 2.5** above to ensure that the AGR is as contemplated in this Agreement. The Redeveloper shall provide copies of any such lease (including exhibits) to the Township for review. Failure to comply with these minimums in the lease shall constitute a breach of this Agreement; and
- (b) The Parties agree that in no event shall the AGR be lower than \$1,550,070.00 in the first five years, with 8.5% increases every five (5) years thereafter, in any year in which the AGR is used to calculate the Annual Service Charge.
- (c) The Redeveloper shall also provide the Township with complete signed copies of the lease, subleases (if any) and all exhibits within 45 days of the Effective Date, and of any amendments or extensions thereof within 45 days of such amendments or extensions; provided that Redeveloper may request the Township’s consent to an extension of time to provide the foregoing to the Township, which consent the Township shall not unreasonably withhold, condition or delay.

Section 3.3 Application

The Redeveloper represents that the Improvements shall be financed in accordance with the mechanisms set forth in the Application, which Application is attached hereto and made a part hereof as **Exhibit C**. The Application sets forth the estimated Total Project Cost, amortization rate on the Total Project Cost, the source of funds, the interest rate to be paid on any construction financing, the source and amount of paid-in capital, and the terms of any mortgage

amortization, the rental schedule and lease terms to be used in the Project, and all other information required by the final paragraph of N.J.S.A. 40A:20-9 which is not set forth herein, and such items are incorporated herein by this reference thereto. The mortgage amortization, interest rate and principal amount of any Property and/or Project-related financing shall be deemed updated upon any refinance(s) of Property and/or Project-related debt or the incurrence of any additional debt from time to time.

ARTICLE IV- TAX EXEMPTION

Section 4.1 Duration of Tax Exemption

The Improvements proposed for development, renovation and construction of the Project or to be acquired as part of the Project shall be exempt from taxation from the Effective Date through the Termination Date. The Township agrees that it shall not impose an added assessment, omitted added assessment or similar assessment on the value of the Improvements from the date of this Agreement through the ASC Commencement Date. However, in no case shall this Agreement remain in effect longer than 35 years from the date of execution of this Agreement. Upon the Termination Date (i) the tax exemption for the Project shall expire and the Property and the Improvements thereon shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Township and (ii) any restrictions and limitations upon the Redeveloper shall terminate upon such Redeveloper's rendering of its final accounting to the Township.

- (a) In no event shall the Long Term Tax Exemption provided by this Agreement continue without the renovation and continued upkeep and maintenance of the historic "Abbey/Alnwick Hall" on the Property. **In this regard, prior to the issuance of the first Certificate of Occupancy, the Redeveloper shall record a deed restriction (the "Deed Restriction") which shall "run with the land", and require that the Abbey structure not be demolished and all structural elements of the Abbey shall be maintained in good and/or acceptable condition for occupancy as required by Township Code during the term of this Financial Agreement. The term "structural elements" shall include, but not be limited to the roof, load bearing walls, mechanical systems, the exterior façade and the integrity of all windows to repel water infiltration within the building. The form of the Deed Restriction shall be reviewed and approved by the Township Attorney prior to its recording by counsel for the Redeveloper. It is agreed that the Deed Restriction may be included in the Declaration of Covenants and Restrictions, the form of which document is annexed as Exhibit B to the Redevelopment Agreement.**
- (b) From the Effective Date of this Agreement to the ASC Commencement Date the Minimum Annual Service Charge shall be charged in lieu of ad valorem taxes on the Property.

Section 4.2 Calculation of Annual Service Charge

In consideration of the Township granting the Redeveloper the exemption as set forth in **Section 4.1** of this Financial Agreement, the Redeveloper shall pay to the Township for municipal services supplied to the Project, as provided in the Exemption Law, an Annual Service Charge as set forth below. The Project shall not be exempt from Land Taxes in accordance with N.J.S.A. 40A:20-12. Accordingly, Land Taxes will be assessed against the Property, and the Redeveloper, or its Transferee, shall be entitled to a credit against the Annual Service Charge for the amount, without interest, of the Land Tax payments made in the last four (4) preceding quarterly installments each year during the Exemption Term.

(a) **Stage One:** (i) **(Years 1-5):** From the ASC Commencement Date until the fifth (5th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be ten **(10%) percent** of AGR; (ii) **(Year 6-10):** From the first day after the fifth (5th) anniversary of the ASC Commencement Date until the tenth (10th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be eleven **(11%) percent** of AGR; (iii) **(Year 11-15):** From the first day after the tenth (10th) anniversary of the ASC Commencement Date until the fifteenth (15th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to twelve **(12%) percent** of AGR.

(b) **Stage Two:** (i) **(Year 16-20):** From the first day after the fifteenth (15th) anniversary of the ASC Commencement Date until the twentieth (20th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of thirteen **(13%) percent** of AGR or twenty (20%) percent of the amount of the taxes otherwise due on the value of the Property and the Improvements thereon; and (ii) **(Year 21)** From the first day after the twentieth (20th) anniversary of the ASC Commencement Date until the twenty-first (21st) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fourteen **(14%) percent** of AGR or twenty (20%) percent of the amount of the taxes otherwise due on the value of the Property and the Improvements thereon.

(c) **Stage Three:** (i) **(Years 22-25)** From the first day after the twenty-first (21st) anniversary of the ASC Commencement Date until the twenty-sixth (25th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fourteen **(14%) percent** of AGR or forty (40%) percent of the amount of the taxes otherwise due on the value of the Property and the Improvements thereon; (ii) **(Years 26 through 27)** From the first day after the twenty-fifth (25th) anniversary of the ASC Commencement Date until the twenty-seventh (27th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fifteen **(15%) percent** of AGR or forty (40%) percent of the amount of the taxes otherwise due on the value of the Property and the Improvements thereon;

(d) **Stage Four: (Years 28-29):** From the first day after the twenty-seventh (27th) anniversary of the ASC Commencement Date until the twenty-ninth (29th) anniversary of the

ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fifteen (15%) percent of AGR or sixty (60%) percent of the amount of the taxes otherwise due on the value of the Property and the Improvements thereon;

(e) **Final Stage: (Year 30):** From the first day after the twenty-ninth (29th) anniversary of the ASC Commencement Date until the Termination Date, the Annual Service Charge shall be equal to the greater of fifteen (15%) percent of AGR or eighty (80%) percent of the amount of the taxes otherwise due on the value of the Property and the Improvements thereon.

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 No Land Tax Exemption

The Property shall not be exempt from Land Taxes during the Exemption Term in accordance with N.J.S.A. 40A:20-12; The Redeveloper and the Township acknowledge that (a) Land Taxes are assessed on the Property, and (b) the Redeveloper, or its Transferee, shall be entitled to a credit against the Annual Service Charge for the amount, without interest, of the Land Tax payments made in the last four (4) preceding quarterly installments. The Township shall remit to the County and the School Board the portions of the Land tax to which each is entitled under the Law.

Section 4.5 Quarterly Installments

The Annual Service Charge or the Minimum Annual Service Charge, as the case may be, shall be paid in quarterly installments on those dates when ad valorem real estate tax payments on other properties within the Township are due, subject to adjustment for over payment or underpayment within thirty (30) days after the close of each calendar year. If the Redeveloper 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 Property until paid. The Redeveloper's failure to make the requisite Annual Service Charge in a timely manner shall constitute a Default under this Agreement and the Township 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 Township may terminate this Agreement with respect to the Project by duly authorized action of the Governing Body if the Redeveloper has not cured such Default within sixty (60) days after receipt of a written notice of such Default. Any Default arising out of the Redeveloper's failure to pay the Annual Service Charge 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 Township 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 Township.

(b) Any lease of a Rental Unit to a Tenant shall be subject to the terms of this Financial Agreement. Upon the lease of the subject Rental Unit, the Redeveloper, or the Tenant, if required by the terms of its lease agreement, shall be responsible for the payment of the applicable Annual Service Charge or Minimum Service Charge calculated pursuant to this Financial Agreement. Notwithstanding the foregoing, the Township shall look solely to the Redeveloper and not any Tenant with respect to the collection of the unpaid portion of the Annual Service Charge imputed to the Tenant. In other words, the Redeveloper shall be responsible for the full payment of the Annual Service Charge to the Township irrespective of whether the Tenant has or has not paid its portion of the Annual Service Charge to the Redeveloper. Once the Project is completed and occupied, a (i) change in use of the Project by the Redeveloper from its intended use as more fully set forth in the Redevelopment Plan, or (ii) a vacation of the Project for more than six (6) months which is not approved by the Township shall automatically and without further documentation whatsoever, invalidate this Financial Agreement, whereupon Redeveloper shall revert to the payment of ad valorem taxes.

Section 4.7 Remittance to County

The Township shall remit to the County of Morris five (5%) percent of the Annual Service Charge received each year from the Redeveloper, pursuant to N.J.S.A. 40A:20-12(b)(2).

Section 4.8 Payment of Minimum Annual Service Charge prior to ASC Commencement Date

The parties agree that from the Execution Date of this Agreement to the ASC Commencement Date, the Minimum Annual Service Charge shall be paid in lieu of ad valorem taxes. If the ASC Commencement Date occurs on a date other than the last day of a quarter, the amount to be paid in lieu of real estate taxes for such period up to the ASC Commencement Date shall be calculated on a per diem basis for such quarter.

Section 4.9 Administrative Fee

In addition to the Annual Service Charge, the Township reserves the right to charge the Redeveloper an annual administrative fee (the "Annual Administrative Fee") in an amount equal to two (2%) percent of the Annual Service Charge. Such charge may be collected quarterly at the same time as the Service Charges agreed to herein.

Section 4.10 Other Municipal Services.

Nothing herein shall exempt the Redeveloper from the payment of municipal services set forth in this Section 4.10. In this regard, the Redeveloper shall (i) be responsible for trash removal from the Project, and (ii) pay directly for all water charges and sewer user charges and connection fees to the appropriate utility in accordance with Chapter XII §12 of the Township's Code. The Redeveloper shall timely pay for such municipal services rendered to the Project or to the Property.

ARTICLE V- DISPUTE RESOLUTION; DEFAULT

Section 5.1 Agreement to Arbitrate. If the Township or the Redeveloper breaches this Financial Agreement, or a dispute arises between the Parties regarding the terms and provisions set forth herein, the Parties shall submit the dispute to 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 award rendered by the arbitrator(s) shall be final, and judgment may be entered upon it in accordance with Applicable Law in any court having jurisdiction. Notwithstanding the foregoing, if the Redeveloper fails to pay the Annual Service Charge as defined in this Agreement, the Township, 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; Payment Default

The Redeveloper agrees that the timely payment of the Minimum Annual Service Charge or the Annual Service Charge to the Township, as well as continued compliance with the 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

Subject to the other provisions of this Agreement, 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 Township of any of its remedies in accordance with law or actions against the Redeveloper because of its failure to pay Land Taxes, the Annual Service Charge, and/or the 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. The Township's rights and remedies to collect any obligation due and owing hereunder shall be the same as the Township's rights and remedies with respect to collection of real estate taxes generally under applicable law.

Section 5.4 Notification of Breach Required

Other than with respect to the nonpayment or late payment of all or a portion of Land Taxes, the Administrative Fee, Annual Service Charge or Minimum Annual Service Charge (any of the foregoing a "Payment Default"), the Township shall notify the Redeveloper in writing of any breach relating to the terms of this Financial Agreement. If the Redeveloper fails to cure a Payment Default within thirty (30) days of its occurrence, or fails to cure any other breach within forty-five (45) Days after the actual delivery of notice by the Township, or within any additional periods to which the Parties may agree, in writing, the Township may move to invalidate the Long Term Tax Exemption by providing forty-five (45) Days final written notice to the Redeveloper, which shall inform the Redeveloper that the Long Term Tax Exemption shall terminate at the expiration of said forty-five (45) day notice period due to the breach of the terms of this Financial Agreement. With respect to defaults other than Payment Defaults, the Township shall not unreasonably refuse to grant a reasonable extension of the cure period, not to exceed sixty (60) days after the Notice unless the Township in its sole discretion shall agree to a longer cure period.

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: actions or inactions by any federal, state or local governmental or quasi-governmental Redeveloper, including the Township, with respect to governmental approvals or the development of the Project (including, without limitation, a failure of the Township to perform in accordance with this Agreement); third-party litigation that enjoins implementation of the Project; 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 or pandemics; 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; moratoriums; and severe economic, financial or market conditions affecting the region (and not unique to the Project) that prevents the procurement of financing for the Project. Notwithstanding the foregoing, the payment of Land Taxes, Annual Service Charge and Minimum Annual Service Charge are Material Conditions of this Agreement which shall not be excused by the occurrence of a force majeure event, except the extent the delayed payment of municipal property taxes is permitted by law.

Section 5.6 Certificate of Occupancy

The Redeveloper shall make commercially reasonable efforts to obtain Certificates of Occupancy for the Improvements in a timely manner to the extent required by, and subject to the terms and conditions of, the Redevelopment Agreement. The Township shall reasonably cooperate in processing Redeveloper's request(s) for the issuance of any Certificate(s) of Occupancy and the return of any performance or maintenance guarantees, escrow fees or inspection fees.

Section 5.7 Filing of Certificate of Occupancy

The Redeveloper shall file a copy of any Certificate(s) of Occupancy with the Tax Assessor of the Township.

ARTICLE VI- LIMITATION ON PROFITS

Section 6.1 Redeveloper's Covenant of Limitation on Profits

During the period of tax exemption as provided herein, the Redeveloper shall be subject to a limitation of its profits and, if applicable, dividends payable pursuant to the provisions of N.J.S.A. 40A:20-15. Pursuant to N.J.S.A. 40A:20-3(c), this calculation is completed in accordance with generally accepted accounting principles, unless otherwise provided therein. The Parties acknowledge that such limitation shall apply solely to the Annual Gross Revenue received by the Redeveloper.

Section 6.2 Permitted Reserves

The Redeveloper 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 Redeveloper 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. In no event shall any portion of the Excess Net Profits be retained or contributed to such Reserve if the amount of the Reserve as of the end of such fiscal year equals or exceeds ten percent (10%) of the preceding year's Annual Gross Revenues.

Section 6.3 Payment of Excess Net Profits

In accordance with N.J.S.A. 40A:20-15, if the Net Profits of the Redeveloper shall exceed the Allowable Net Profits in any Excess Profits Accounting Period, then the Redeveloper, within ninety (90) days after the end of the Excess Profits Accounting Period, shall pay such Excess Net Profits to the Township as an additional Annual Service Charge; provided, however, that the Redeveloper 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 Financial Agreement, or the date of sale or transfer of the Improvements, shall be considered to be the close of the fiscal year of the Redeveloper. Within ninety (90) days after such date, the Redeveloper shall pay to the Township 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 Redeveloper

Pursuant to the Exemption Law, the Redeveloper or any Transferee may at any time after the expiration of one (1) year from the ASC Commencement Date, notify the Township 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. As of that date, all of the obligations and requirements contained in this Financial Agreement (including without limitation the Annual Service Charge and other payments due from the Redeveloper under the Financial Agreement), the Long Term Tax Exemption and all restrictions and limitations upon the Redeveloper, including without limitation the profit and dividend restrictions under the Exemption Law, shall terminate. Notwithstanding the foregoing, such relinquishment shall not impact the obligation of the Redeveloper or the Transferee, as applicable, to make payment of any Land Taxes, Annual Service Charge, or Minimum Annual Service Charge that has accrued up to and including the Termination Date, or the obligation of the Redeveloper 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 Redeveloper or by virtue of the provisions of the Applicable Law or pursuant to the terms of this Financial Agreement, the Redeveloper shall provide a final accounting and pay to the Township 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 pursuant to the provisions of N.J.S.A. 40A:20-13 and N.J.S.A. 40A:20-15. 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 Redeveloper.

Section 7.3 Taxes After Termination Date

After the Termination Date, (i) the Long Term Tax Exemption shall expire, the Annual Service Charge and other payments due from the Redeveloper under the Financial Agreement shall terminate and the relevant portion of the Property and the Improvements constructed thereupon shall thereafter be assessed and conventionally taxed according to Applicable Law as other real property in the Township, and (ii) all restrictions and limitations upon the Redeveloper, including without limitation the profits and dividends restrictions under the Exemption Law, shall terminate.

Section 7.4 Rights of Inspection

Pursuant to a written request, the Redeveloper shall permit the Township, the State or their respective representatives to (i) examine the Redeveloper's contracts, records, documents and papers and (ii) inspect the Redeveloper's property, equipment, buildings and other facilities. Such examination shall be made during reasonable business hours, in the presence of a member or agent of the Redeveloper. To the extent reasonably possible, the examination will not materially interfere with construction or operation of the Project. The Parties agree that Ten (10) Days written notice shall constitute a reasonable request for inspection. Notwithstanding the foregoing, the Redeveloper may request an extension of time for such examination, up to ten (10) Days. Except to the extent required by Applicable Law, all information and documentation provided hereunder shall remain confidential and not subject to public disclosure.

ARTICLE VIII- SALE OR LEASE OF PROJECT

Section 8.1 Conveyance of Project

As permitted in N.J.S.A. 40A:20-10, the Township shall consent to the Redeveloper's request to transfer the Project and the transfer of this Financial Agreement to another urban renewal entity, qualified and organized under the Exemption Law (hereinafter referred to as a "Transferee"), provided such Transferee owns no other project subject to the Exemption Law at the time of the transfer, and provided that the Transferee assumes the Redeveloper's obligations under this Financial Agreement and such Transfer is a permitted transfer under the Redevelopment Agreement (a "Transfer"). The leasing of the Project or any portion thereof shall not be a transfer of the Project and shall not be subject to restriction on transfer, provided that the lease shall still be subject to the financial provisions on leases set forth in this Agreement. Upon a Transferee's assumption of the Redeveloper's obligations under this Financial Agreement, the Long Term Tax Exemption shall continue to the benefit of the Transferee and any of its Transferees. If the Township does not deliver a written response to the Redeveloper's request to Transfer within a thirty (30) day period, then the Redeveloper may deliver a second written request to the Township for consent to the Transfer and the Township shall be deemed to have consented to such requested Transfer if the Township does not deliver a written response to the Redeveloper within thirty (30) days after the Redeveloper's second request to the Township for such consent. Notwithstanding the foregoing, the Redeveloper (and/or its assignee) shall reimburse the Township an amount not to exceed two percent of the Annual Service Charge for all reasonable out-of-pocket costs incurred by the Township in connection with the Township's review and approval of the assignment of the Project under this **Section 8.1**, including but not limited to, reasonable attorneys' fees associated with the preparation of any amendment to this Financial Agreement and/or the Redevelopment Agreement.

Section 8.2 Obligations of Redeveloper and Transferee After Conveyance

If the Redeveloper Transfers the Project to a Transferee with the consent of the Township and the Transferee has assumed the contractual obligations of the transferor Redeveloper with the Township, pursuant to **Section 8.1** hereof, then the Redeveloper 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 Redeveloper shall pay to the Township any Reserve maintained by it pursuant to this Financial Agreement, as well as any Excess Net Profits payable to the Township pursuant to this Financial Agreement and the Exemption Law. The date of Transfer of the Project to the Transferee shall be considered the close of the fiscal year of the Redeveloper.

Section 8.3 Transfer of Ownership Interest in Redeveloper

Notwithstanding anything set forth herein, it is expressly understood and agreed that, after completion of the construction of the Project and recording of a Certificate of Release in substantially the form provided in **Exhibit D** to the Redevelopment Agreement, any transfer of any ownership interest in the Redeveloper shall be permitted and shall in no way be prohibited, provided that such transfer is consistent with the requirements of the Redevelopment Agreement.

Any transfer of ownership interests of greater than ten percent (10%) (including without limitation any such transfer which takes place after the completion of the Project and the recording of the Certificate of Release) shall be disclosed to the Governing Body in writing at least ten (10) days prior to such transfer.

Section 8.4 Collateral Assignment

Notwithstanding the provisions set forth in this Financial Agreement, it is also expressly understood and agreed that the Redeveloper has the right to encumber and/or assign its fee title to the Property and/or Improvements and/or assign for security purposes its interest in this Financial Agreement, and any such encumbrance and/or assignment shall not be deemed to be a Default under this Financial Agreement.

(a) The Township acknowledges that the Redeveloper and/or its affiliates may obtain secured financing in connection with the acquisition, development and construction of the Project. The Township agrees that the Redeveloper and or its affiliates may assign, pledge, hypothecate or otherwise transfer its rights under this Agreement and/or its interest in the Project to one or more secured parties or any agents therefore (each, a “**Secured Party**” and collectively, the “**Secured Parties**”) as security for obligations of the Redeveloper, and/or its affiliates, incurred in connection with such secured financing (collectively, the “**Security Arrangements**”). The Redeveloper shall give the Township 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 Township hereunder to provide any notice of Default or notice of intent to enforce its remedies under this Agreement.

(b) If the Redeveloper shall Default in any of its obligations hereunder, the Township shall give written notice of such Default to the Secured Parties and the Township agrees that, in the event such Default is not waived by the Township or cured by the Redeveloper, its assignee, designee or successor, within the period provided for herein, before exercising any remedy against the Redeveloper hereunder, the Township will provide the Secured Parties a reasonable period of time to cure such Default, but in any event not less than forty-five (45) days from the date of such notice to the Secured Parties with regard to a failure of the Redeveloper to pay the

Annual Service Charge or Land Taxes (during any period in which Land Taxes are not exempt hereunder).

(c) In the absence of a Default by the Redeveloper, the Township agrees to consent to any collateral assignment by the Redeveloper 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 Township's right to payment from the Redeveloper, nor shall the priority of such payments be affected by the Secured Party exercising its rights under any applicable Security Arrangement.

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

ARTICLE IX- REDEVELOPER'S COVENANTS AND REPRESENTATIONS

Section 9.1 Management and Operation

Subject to its right to Transfer the Project pursuant to Article VIII of this Financial Agreement, the Redeveloper represents and covenants that the Redeveloper will manage the Project or will contract with a management company to manage the Project. The Redeveloper shall be free to enter into leases provided that such leases are in compliance with the requirements of Section 2.5 of this Agreement.

Section 9.2 Computation of Annual Gross Revenue

The Redeveloper 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 presented in the supplementary information on the Redeveloper's Annual Audited Statement.

Section 9.3 Annual Audit Report

For so long as the Redeveloper owns the Project and within ninety (90) Days after the close of each fiscal or calendar year that this Financial Agreement shall continue in effect, the Redeveloper shall submit to the Mayor and Governing Body of the Township 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 Redeveloper during the previous fiscal year. The Redeveloper 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. To the extent required for a full understanding of the Audit and compliance with this agreement the

Redeveloper shall also be required to provide copies of all leases and lease amendments between the Redeveloper and any and all tenants and subtenants at the Property.

Section 9.4 Total Project Cost Audit

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

Section 9.5 Disclosure Statement

The Redeveloper shall file annually with the Governing Body a disclosure of the persons having an ownership interest in the Project, and of the extent of the ownership interest of each.

Section 9.6 Statutes and Ordinances

The Redeveloper shall at all times prior to the expiration or other termination of this Financial Agreement remain bound by the provisions of all applicable state statutes and municipal ordinances and regulations, including the Exemption Law. The conditions of use, ownership, management and control of the Improvements shall be regulated by the Exemption Law and the terms of this Financial Agreement.

Section 9.7 Change in Use of Project

Once the Project is completed and occupied, a (i) change in use of the Project by the Redeveloper from its intended use as more fully set forth in the Redevelopment Plan, or (ii) a vacation of the Project for more than six (6) months which is not approved by the Township Committee shall automatically and without further documentation whatsoever, invalidate this Financial Agreement, whereupon this Agreement shall be terminated and Redeveloper shall revert to the payment of ad valorem taxes.

ARTICLE X-INDEMNIFICATION

If the Township is named as defendant in any action brought against the Redeveloper by a third party unrelated to the Redeveloper or the Township by reason of any breach, default or a violation of any of the provisions of this Agreement or of the Exemption Law by the Redeveloper, the Redeveloper shall indemnify and hold the Township harmless, and the Redeveloper agrees to defend said action at its own expense and may employ counsel for the Redeveloper of the Redeveloper's choosing, provided that the Redeveloper shall not have any indemnification or defense obligations with respect to any misconduct by the Township or any of its officers, officials, employees or agents. If the Township is not so named in any such action, the Township maintains the right to intervene as a party thereto, with separate counsel, to which intervention the Redeveloper consents, the expense thereof to be borne by the Township.

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 Redeveloper and the Township 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 Township to the Redeveloper:

Madison Avenue Urban Renewal LLC
c/o RH
15 Koch Road
Corte Madera, CA 94925
Attn: David Stanchak

with a copy to:

Frank Vitolo, Esq.
Riker Danzig Scherer Hyland Perretti, LLP
Headquarters Plaza
One Speedwell Avenue
Morristown, New Jersey 07962

b) When sent by the Redeveloper to the Township:

Township of Morris
50 Woodland Avenue
PO BOX 7603
Convent Station, NJ 09760-7603
Attn: Township Business Administrator

with a copy to:

DiFrancesco Bateman Kunzman, Davis, Lehrer & Flaum, P.C.
15 Mountain Boulevard
Warren, New Jersey 07059
Attn: Jeffrey B. Lehrer, Esq.

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 Redeveloper delivers formal written notice to the Township in accordance with this Agreement, of the name and address of Redeveloper's mortgagee, then the Township shall provide such mortgagee with a copy of any notice required to be sent to the Redeveloper.

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 an 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 Redeveloper and the Township agree to act in good faith in all of their dealings with each other.

Section 11.7 Certification

The Township 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 Redeveloper, for the development of the Project, has been entered into and is in effect as required by the Exemption Law. Delivery by the Township 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 Township Clerk that the exemption has been terminated

Further, within ten (10) calendar days following the later of the effective date of the Ordinance or the execution of the financial agreement by the Redeveloper, the Township Clerk shall transmit a certified copy of the Ordinance and the Financial Agreement to the chief financial officer of Morris County and to the Morris County counsel for informational purposes.

Section 11.8 Exhibits

This Financial Agreement along with each Exhibit attached and annexed hereto is incorporated into the Application.

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 therefore by the Redeveloper, or any mortgagee, purchaser, tenant or other party having an interest in the Project, the Township 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 Township'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.

Section 11.12 Headings

The section headings in this Financial Agreement are for convenience only, and shall not be deemed to add to or subtract from the meaning of the text of this Financial Agreement.

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

Attest:

TOWNSHIP OF MORRIS

Cathleen Amelio, RMC,
Township Clerk
Dated: November 12, 2020

By: _____
Catherine J. Wilson, Mayor

Witness

**MADISON AVENUE URBAN
RENEWAL LLC**

Dated: _____

By: _____

Name:

Title:

ACKNOWLEDGEMENT

STATE OF)
) SS.:
COUNTY OF)

Be it remembered that on the ___ day of _____, 2020, _____ personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

- (a) he is the _____ of Madison Avenue Urban Renewal LLC, the limited liability company named as Redeveloper in the attached Financial Agreement;
- (b) he is authorized to execute the attached Financial Agreement on behalf of the Redeveloper;
- (c) he executed the attached Financial Agreement on behalf of and as the act of the Redeveloper; and
- (d) the attached Financial Agreement was signed and made by the Redeveloper as its duly authorized and voluntary act.

ACKNOWLEDGEMENT

STATE OF)
) SS.:
COUNTY OF MORRIS)

Be it remembered that on the 12th, day of November, 2020, Catherine J. Wilson personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

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

Catherine Amelio, RMC,
Township Clerk

Exhibit A
Property Description

FIGURE 3. SITE SURVEY

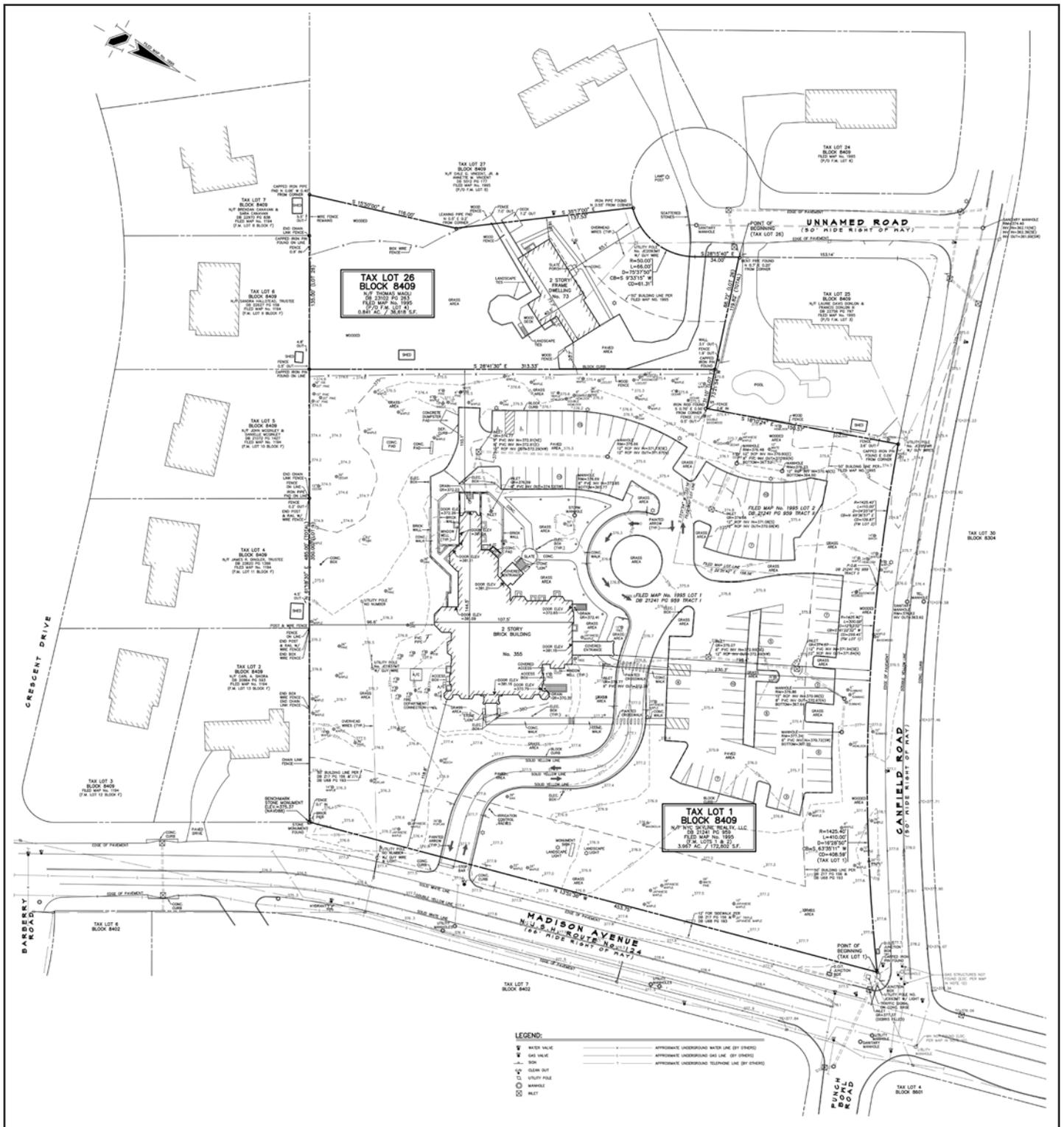


EXHIBIT B
ORDINANCE

**TOWNSHIP OF MORRIS
ORDINANCE NO. 22-20**

AN ORDINANCE OF THE TOWNSHIP OF MORRIS, COUNTY OF MORRIS, NEW JERSEY, AUTHORIZING AND APPROVING THE FINANCIAL AGREEMENT FOR TAX EXEMPTION WITH MADISON AVENUE URBAN RENEWAL LLC FOR THE REDEVELOPMENT OF BLOCK 8409, LOT 1, COMMONLY KNOWN AS THE “ABBEY SITE”, IN ACCORDANCE WITH THE LONG TERM TAX EXEMPTION LAW, N.J.S.A. 40A:20-1 ET SEQ.

WHEREAS, by Resolution No. 229-18 adopted on October 17, 2018, the Township Committee of the Township of Morris (the “Township Committee”) designated property (the “Property”) located at Block 8409, Lot 1 as shown on the Tax Map of the Township of Morris as “an area in need of redevelopment” (the “Redevelopment Area”) in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “Redevelopment Law”); and

WHEREAS, pursuant to Ordinance No. 07-20 dated September 23, 2020 the Township Committee adopted “The Abbey/Alnwick Hall Redevelopment Plan” (the “Redevelopment Plan”) for the Redevelopment Area in accordance with the Redevelopment Law; and

WHEREAS, Madison Avenue Urban Renewal LLC (the “Redeveloper”), an entity formed in accordance with the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. (the “LTTEL”), and will enter into a redevelopment agreement (the “Redevelopment Agreement”) with the Township which, among other things, will designate the Redeveloper as the redeveloper of the Redevelopment Area, and is proposed to be approved by the Township Committee on November 12, 2020 pursuant to Resolution No. 210-20 ; and

WHEREAS, the Redevelopment Agreement sets forth the terms and conditions by which the Entity will redevelop the Property by: (i) the renovation and rehabilitation of the historic original portion of the “Abbey” and the removal of later additions to the Property (ii) the construction of additional retail/restaurant space including an outdoor seating area to compliment the existing structure (iii) other site improvements including parking, landscaping and lighting improvements, and (iv) Right of Way dedication for the realignment of the Morris Avenue, Canfield Road and Punch Bowl Road intersection (collectively, the “**Project**”); and

WHEREAS, the Township Committee has determined that the Project will qualify for a tax exemption under the LTTEL; and

WHEREAS, in accordance with the LTTEL, the Redeveloper has filed with the Mayor of the Township an application for approval of a long term tax exemption (the “Long Term Tax Exemption”) for the Project, which is incorporated herein by reference (the “Application”); and

WHEREAS, the Mayor has submitted the Application to the Township Committee with her recommendation for approval and the Township Committee approved the Application on October 21, 2020 pursuant to Resolution No. 207-20; and

WHEREAS, the Redeveloper also submitted to the Mayor (as part of the Application) a form of financial agreement (the “Financial Agreement”), to be executed by the Mayor and Township Clerk and the Redeveloper, establishing the rights, responsibilities and obligations of the Redeveloper in accordance with the LTTEL; and

WHEREAS, the Township Committee makes the following findings in accordance with N.J.S.A. 40A:20-11.a and N.J.S.A. 40:20-11.b regarding the relative benefits and costs of granting the tax abatement for the Project, and the importance of the tax abatement in realizing the development of the Project and influencing the locational decision of probable occupants:

- a. Pursuant to the LTTEL, the Township finds that the Long Term Tax Exemption will benefit the Township and the community by assuring the success of the redevelopment of the Project, which has exhibited the statutorily recognized redevelopment criteria for years;
- b. The benefits of granting the Long Term Tax Exemption will substantially outweigh the costs, if any, associated with the Long Term Tax Exemption. The Project includes the very costly renovation and re-use of the historic landmark known as the “Abbey” or “Alnwick Hall”. This brick manor home was modeled after Alnwick Castle in Northumberland, England. The structure is a remnant of “Millionaires Row” which existed during the Gilded Age when Madison Avenue was lined with large estate homes. It was listed on the state and national register of historic places in 1985;
- c. The Abbey/Alnwick Hall has been a source of pride for the Township and is an important reminder of the unique and important history of Madison Avenue. Without the certainty provided by the Financial Agreement, the costly renovation would not be undertaken by the Redeveloper;
- d. The certainty provided by a Financial Agreement for payment in lieu of taxes will assist the Redeveloper in obtaining satisfactory financing for such an expensive Project and influence the locational decision of probable occupants;
- e. The Township also finds that the Project includes a dedication of a portion of Block 8409, Lot 1 required for a realignment of the intersection at Canfield Road, Madison Avenue and Punch Bowl Road. The eventual realignment of that intersection will benefit the entire community;
- f. The Township further finds that the Financial Agreement will enable the private development of a high end furniture gallery and restaurant experience at a prominent location of the Township which will encourage further investment in the area;
- g. The Redeveloper will also make the required contribution to the Township’s Affordable Housing Trust Fund as required by local Code;

- h. The Township finds that approval of the Financial Agreement is essential because the relative stability and predictability of the Annual Service Charge (as defined in the Financial Agreement) associated with the Project will make it more attractive to financial institutions and investors whose participation is necessary in order to finance the Project and influence the locational decision of probable occupants;
- i. The expense and time involved in restoring historic structures is significantly in excess of the cost and time of building new structures. The investment in restoring and re-using this historic structure will be cost prohibitive without the certainty provided by the Financial Agreement and to probable occupants;
- j. 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 Property; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Property and will enhance the economic development of the Township;
- k. It is anticipated that the development of the Project will create approximately 100 full-time equivalent construction jobs over the duration of the construction of the Project, as well as approximately 120 full-time permanent jobs in connection with the operation of the Project;
- l. In 2019, the Property, including the improvements thereon, generated approximately \$62,138.00 in total real estate taxes to all government units (including the County and the school district) and \$15,458.00 to the Township. Pursuant to this Financial Agreement, the Project is projected to generate revenue for the Township well in excess of the municipal revenue generated by ad valorem taxes in 2019. The Township's authorized officers and employees have determined that the benefits to the Township accruing as a result of the Project will substantially outweigh the costs to the Township resulting from the Long Term Tax Exemption granted herein; and
- m. The financial benefits conferred by the Long Term Tax Exemption assists in the undertaking of the renovation of an important historic landmark, the loss of which would be a significant detriment to the Township, its residents and the community at large.

NOW, THEREFORE, BE IT ORDAINED by the Township Committee of the Township of Morris, in the County of Morris, State of New Jersey, as follows:

Section 1. The Township Committee approves, and the Mayor and Township Clerk are hereby authorized to execute, the Financial Agreement with Madison Avenue Urban Renewal LLC in the form attached hereto, subject to minor modification or revision, as deemed necessary and appropriate after consultation with Township redevelopment counsel in consultation with counsel for Madison Avenue Urban Renewal LLC.

Section 2. An exemption from taxation pursuant to the LTTEL as set forth in the Financial Agreement is hereby granted to Madison Avenue Urban Renewal LLC for the term of the Financial Agreement and during the term of such tax exemption there shall be paid to the Township in lieu of any taxes to be paid on the improvements of the Project, an annual service charge as provided in the Financial Agreement.

Section 3. An executed copy of the Financial Agreement shall be certified by and be filed with the Office of the Township Clerk.

Section 4. Within ten (10) calendar days following the later of (i) the effective date of this Ordinance following its final adoption by the Township Council approving the tax exemption or (ii) the execution of the Financial Agreement by Madison Avenue Urban Renewal LLC, the Township Clerk shall file certified copies of this Ordinance and the Financial Agreement with the Tax Assessor of the Township and the Chief Financial Officer of Morris County and to Morris County Counsel, in accordance with N.J.S.A. 40A:20-12.

Section 5. The Mayor and Township Clerk are hereby authorized to take such action and to execute such other documents on behalf of the Township as is necessary to effectuate the terms of the Financial Agreement, as deemed advisable by the Township Attorney or Township redevelopment counsel.

Section 6. This Ordinance shall take effect upon adoption and publication according to law.

EXHIBIT C
PILOT APPLICATION

APPLICATION FOR TAX EXEMPTION
OF
MADISON AVENUE URBAN RENEWAL LLC

5

In accordance with the requirements of the Long Term Exemption Law, N.J.S.A. 40A:20-1, et seq., (the “Exemption Law”), Madison Avenue Urban Renewal LLC (the “Applicant” or the “Entity”) respectfully submits to the Mayor and Governing Body of the Township of Morris (the “Township”) this Application for Long Term Tax Exemption along with those documents attached and annexed hereto.

Applicant’s Name and Address:

MADISON AVENUE URBAN RENEWAL LLC
c/o RESTORATION HARDWARE, INC.
15 KOCH ROAD
CORTE MADERA, CA 94925

Project Name:

Alnwick Hall a/k/a the Abbey Redevelopment Project

1. Identification of Project Premises:

The Project Premises is located within the Township of Morris, New Jersey, in the Abbey/Alnwick Hall Redevelopment Area and consists of a series of parcels of property containing approximately 4 acres of real property and is currently known as 315 Madison Avenue, Morris Township and identified on the Morris Township Tax Map as Tax Block 8409, Lot 1 (the “Project Premises”).

2. General Statement of Nature of Redevelopment Project:

Applicant seeks to construct a Restoration Hardware gallery store featuring, exclusive of the basement area, approximately 29,000 square feet of interior showroom space; approximately 11,000 square feet of outdoor showroom space; and an approximately 15,000 square foot restaurant and associated wine bar with 120 and 44 seats respectively.

3. Description of the Project:

A color site plan and renderings depicting and describing the Project area and the proposed improvements comprising the Project are attached hereto and made a part hereof as **Exhibit A**.

4. **Type of Tax Exemption Requested:**

Pursuant to the Exemption Law, the Entity seeks a long-term tax exemption for the Project. The Applicant requests that the Annual Service Charge for the Project be initially calculated at 10% of the Annual Gross Revenue. The ASC will then escalate as indicated in the proposed Financial Agreement, annexed hereto as **Exhibit B**.

5. **Term of Exemption:**

The Applicant requests that the term of the long-term tax exemption be for a period of Thirty (30) years from the date of the Township's issuance of a Certificate of Occupancy for the Project.

6. **Financial Agreement:**

The proposed Financial Agreement between the Township and the Applicant (therein referred to as the Entity) is attached and annexed hereto as **Exhibit B**.

7. **Estimation of Total Project Cost:**

Pursuant to the Exemption Law, N.J.S.A 40A:20-3(h), the statement prepared by an architect or engineer licensed in the State of New Jersey setting forth the estimated Total Project Cost for the Project is set forth in the schedule attached and annexed hereto as **Exhibit C**.

8. **Redevelopment Process Timeline:**

Attached and annexed hereto as **Exhibit D** is a copy of the Applicant's proposed Redevelopment Project Timeline containing information relevant to the development and construction of the Project. The proposed Redevelopment Process Timeline also appears as an attachment to the RDA and is subject to the terms thereof.

9. **Financial/Fiscal Plan:**

A proposed Financial/Fiscal Plan for the Project outlining the schedule of annual gross revenue, the estimated expenditure for operation and maintenance of the Project, payments for interest, amortization of debt and reserves, and payments to be made to the Township pursuant to the Financial Agreement is annexed hereto and made a part hereof as **Exhibit E**.

10. Sources, Method and Amount of Financing For Project:

As set forth in the RDA, the Applicant will finance the development and construction of the Project through a combination of debt financing and equity secured by the Project Premises and the Project and, ultimately, a sale/leaseback of the project and the project premises. The estimated amount of financing for the Project to be obtained by the Applicant through each method of financing set forth above and the security, collateral and/or any mortgage or guaranty to be granted or pledged and/or sale/leaseback in connection therewith is set forth in the proposed Financial/Fiscal Plan attached hereto.

11. Applicant’s Relationship to Project Premises:

The Applicant is the record owner in fee or has entered into a valid and binding contract to purchase each property within the Project Premises pursuant to the terms and conditions set forth in the RDA.

12. Minimum Annual Service Charges and Annual Service Charges:

Commencing upon the Effective Date of the Financial Agreement attached hereto the Applicant shall pay the Minimum Annual Service Charge.

Upon the Township’s issuance of a Certificate of Occupancy for the Project, the Applicant shall pay the Annual Service Charge or the Annual Service Charge or pro rata share thereof, whichever is greater.

(A) Minimum Annual Service Charge

The Minimum Annual Service Charge for the Project shall be equal to the amount of the total Taxes levied against the real property upon which the Project is constructed in the last full tax year in which such real property was subject to taxation.

(B) Annual Service Charge

The Annual Service Charge shall be calculated as 10% of the Annual Gross Revenue from the Project and will escalate as described in Paragraph 4 above and the Financial Agreement attached as Exhibit B hereto. Attached and annexed hereto as Exhibit F is a projection of the Annual Gross Revenue and the Annual Service Charge for the Project.

13. Zoning Information:

The Project Premises are situated within the “Redevelopment Area” and was designated by the Planning Board of the Township Committee at a Public Meeting on October 1, 2018 pursuant to Resolution 229-18 as an area in need of redevelopment satisfying the requirements of N.J.S.A. 40A:12 and the Local Redevelopment and Housing Law. The redevelopment of the Project Premises is subject to the terms, conditions and restrictions contained within the Abbey/Alnwick Hall Redevelopment Plan, as adopted by the Township Committee on September 24, 2020, and as may be subsequently amended, and the RDA.

14. Real Estate Taxes:

The total real property taxes paid on the Project Premises for the 2020 Tax Year were \$63,121.80. Attached and annexed hereto as Exhibit G is a true copy of the Statement of Taxes for the Project Premises for 2020 Tax Year.

15. Municipal Tax Assessment:

The total real property aggregate assessed value of the Project Premises is \$3,390,000 for the 2020 Tax Year. Attached and annexed hereto as Exhibit H are the estimated 2021 Real Estate Property Taxes for the Project Premises. The Township has provided the estimated 2021 taxes and believes that same is accurate as presented herein.

16. Disclosure Statement:

The Applicant is an urban renewal limited liability company formed and operated pursuant to the laws of the State of New Jersey. Its status as an urban renewal entity has been duly qualified by the Commissioner of the State of New Jersey Department of Community Affairs. Attached and annexed hereto as **Exhibit I** is a true copy of the Disclosure Statement for the Applicant.

17. Certification as to Commencement of Construction:

The Applicant hereby certifies that it has not and will not commence construction of the Project prior to adoption by the Township’s Governing Body of a Resolution approving this Application and an appropriate Ordinance approving and making effective this Long Term Tax Exemption and Financial Agreement and authorizing the Mayor or other appropriate official to execute the Financial Agreement.

18. Compliance with State Law:

The Project Premises are situated within the Redevelopment Area. As such the Project Premises meets the requirements of the Exemption Law for consideration for long term tax exemption. In addition, the Applicant is lawfully established as an urban renewal entity and approved as such by the Commissioner of the State of New Jersey Department of Community Affairs. As a result thereof, it is or will be entitled to receive the benefits of the long term tax exemption under the Exemption Law. The proposed Project will be developed and constructed in accordance with the guidelines, goals and objectives set forth in the Redevelopment Plan.

19. Certificate of Formation:

Attached and annexed hereto as **Exhibit J** is a true copy of the filed Certificate of Formation of Madison Avenue Urban Renewal LLC, reviewed and approved by the Commissioner of the State of New Jersey Department of Community Affairs.

20. Exhibits:

The following exhibits are attached and annexed to this Application for Long Term Tax Exemption and are hereto incorporated herein:

Exhibit A: Description of Project

Exhibit B: Financial Agreement

Exhibit C: Total Project Cost

Exhibit D: Development Process Timeline

Exhibit E: Financial/Fiscal Plan

Exhibit F: Projected Annual Gross Revenue and Annual Service Charge

Exhibit G: 2020 Real Estate Taxes

Exhibit H: Estimated 2021 Real Estate Taxes

Exhibit I: Disclosure Statement

Exhibit J: Certificate of Formation

I hereby certify to the best of my knowledge and belief, that all of the information contained in this application is true and correct.

Madison Avenue Urban Renewal, LLC

By: _____

Name:

Title:

Exhibit A

Description of Project

Site Plan, Floor Plans and Elevations

FIGURE 5. PROPOSED CONCEPTUAL SITE PLAN



Exhibit B

Financial Agreement

Attached

Exhibit C
Total Project Cost
Attached

355 Madison Avenue Urban Renewal LLC
Estimated Projected Total Project Costs
(N.J.S.A. 40A:20-3(h), as amended)

(1) Cost of land and improvements to the entity, whether acquired from a private or public owner, with cost in the case of leasehold interests to be computed by capitalizing the aggregate rental at a rate provided in the financial agreement	\$ 16,000,000
(2) Architect, engineer, and attorney fees, paid or payable by the entity in conjunction with the planning, construction and financing of the project	500,000
(3) Surveying and testing charges in connection therewith (including permits and other similar fees)	100,000
(4) Actual construction costs which the entity shall cause to be certified verified to the municipality and the municipal governing body by an independent and qualified architect, including the cost of any preparation of the site undertaken at the entity's expense	22,000,000
(5) Insurance, interest and finance costs during construction	750,000
(6) Cost of obtaining initial permanent financing	100,000
(7) Commissions and other expenses paid or payable in connection with initial leasing	-
(8) Real estate taxes and assessments during the construction period	94,377
(9) A developer's overhead based on a percentage of actual construction costs, to be computed at not more than the schedule set forth in N.J.S.A. 40A:20-3(h)	<u>1,977,219</u> *
TOTAL ESTIMATED PROJECT COSTS	<u><u>\$ 41,521,596</u></u>
* Total costs before statutory overhead calculation is \$37,062,918 @ 5% is \$1,853,146	
Debt service - assume 70% LTV	<u><u>\$ 29,065,117</u></u>
annual debt service	<u><u>\$ 1,763,862</u></u>

Exhibit D

Development Process Timeline

September 2020: Redevelopment Plan Adopted

October 2020: Adoption of RDA/Introduction of Financial Agreement

November 2020: Financial Agreement Adopted

December 2020/January 2021: File Site Plan Application

February/March/April 2021: Site Plan Approval

April 2021: Demo Permit Issued

May 2021: Construction Permit Issued

May 2021: Construction Commencement

May/June 2022: Substantial Completion/CO

June/July 2022: Grand Opening

Exhibit E

Financial/Fiscal Plan

Attached

Madison Avenue Urban Renewal LLC

Fiscal Plan

	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>	
Rental income	\$ 1,550,070	100.0%	\$ 1,550,070	100.0%	\$ 1,550,070	100.0%	\$ 1,550,070	
Expenses:								
PILOT admin expense	3,100	0.2%	3,100	0.2%	3,100	0.2%	3,100	
Audit fee (est.)	20,000	1.3%	20,600	1.3%	21,218	1.4%	21,855	
Interest expense	1,443,517	93.1%	1,421,578	91.7%	1,398,517	90.2%	1,374,275	
Management fee	46,502	3.0%	46,502	3.0%	46,502	3.0%	46,502	
Total operating expenses	1,513,119		1,491,780		1,469,337		1,445,732	
Income or (Loss) before depreciation	36,951		58,290		80,733		104,338	
Depreciation	1,038,040		1,038,040		1,038,040		1,038,040	
Income or (Loss)	\$ (1,001,089)		\$ (979,750)		\$ (957,307)		\$ (933,702)	
PILOT payment	155,007	10.0%	155,007	10.0%	155,007	10.0%	155,007	

NOTES

- 1) Management Fee - used 3% of Rental income
- 2) PILOT admin is 2% of PILOT as per agreement
- 3) PILOT payment paid by tenant
- 4) Using 40 yrs for depreciation
- 5) Debt service is based upon an LTV of 70% at 5%, 30 year amortization. See Estimated Projected Total Project Cost Summary

	<u>Year 5</u>		<u>Year 6</u>		<u>Year 7</u>		<u>Year 8</u>		<u>Year 9</u>			
100.0%	\$	1,550,070	100.0%	\$	1,681,826	100.0%	\$	1,681,826	100.0%	\$	1,681,826	100.0%
0.2%		3,100	0.2%		3,700	0.2%		3,700	0.2%		3,700	0.2%
1.4%		22,510	1.5%		23,185	1.4%		24,597	1.5%		25,335	1.5%
88.7%		1,348,794	87.0%		1,322,008	78.6%		1,264,257	75.2%		1,233,146	73.3%
3.0%		46,502	3.0%		50,455	3.0%		50,455	3.0%		50,455	3.0%
		<u>1,420,906</u>			<u>1,399,348</u>			<u>1,343,009</u>			<u>1,312,636</u>	
		129,164			282,478			338,817			369,190	
		<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>	
	\$	<u>(908,876)</u>		\$	<u>(755,562)</u>		\$	<u>(699,223)</u>		\$	<u>(668,850)</u>	

10.0%	155,007	10.0%	185,001	11.0%	185,001	11.0%	185,001	11.0%	185,001	11.0%
--------------	----------------	--------------	----------------	--------------	----------------	--------------	----------------	--------------	----------------	--------------

<u>Year 10</u>		<u>Year 11</u>		<u>Year 12</u>		<u>Year 13</u>		<u>Year 14</u>			
\$	1,681,826	100.0%	\$	1,824,781	100.0%	\$	1,824,781	100.0%	\$	1,824,781	100.0%
	3,700	0.2%		4,379	0.2%		4,379	0.2%		4,379	0.2%
	26,095	1.6%		26,878	1.5%		28,515	1.6%		29,371	1.6%
	1,200,444	71.4%		1,166,069	63.9%		1,091,953	59.8%		1,052,026	57.7%
	50,455	3.0%		54,743	3.0%		54,743	3.0%		54,743	3.0%
	<u>1,280,694</u>			<u>1,252,070</u>			<u>1,179,591</u>			<u>1,140,520</u>	
	401,132			572,711			645,190			684,262	
	<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>	
\$	<u>(636,908)</u>		\$	<u>(465,329)</u>		\$	<u>(392,850)</u>		\$	<u>(353,778)</u>	
	185,001	11.0%		218,974	12.0%		218,974	12.0%		218,974	12.0%

<u>Year 15</u>		<u>Year 16</u>		<u>Year 17</u>		<u>Year 18</u>		<u>Year 19</u>			
\$	1,824,781	100.0%	\$	1,979,888	100.0%	\$	1,979,888	100.0%	\$	1,979,888	100.0%
	4,379	0.2%		5,148	0.3%		5,148	0.3%		5,148	0.3%
	30,252	1.7%		31,159	1.6%		33,057	1.7%		34,049	1.7%
	1,010,058	55.4%		965,943	48.8%		870,824	44.0%		819,585	41.4%
	54,743	3.0%		59,397	3.0%		59,397	3.0%		59,397	3.0%
	<u>1,099,433</u>			<u>1,061,647</u>			<u>968,425</u>			<u>918,178</u>	
	725,348			918,241			1,011,462			1,061,710	
	<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>	
\$	<u>(312,691)</u>		\$	<u>(119,799)</u>		\$	<u>(26,578)</u>		\$	<u>23,670</u>	
	218,974	12.0%		257,385	13.0%		257,385	13.0%		257,385	13.0%

<u>Year 20</u>		<u>Year 21</u>		<u>Year 22</u>		<u>Year 23</u>		<u>Year 24</u>	
\$ 1,979,888	100.0%	\$ 2,148,178	100.0%	\$ 2,148,178	100.0%	\$ 2,148,178	100.0%	\$ 2,148,178	100.0%
5,148	0.3%	3,940	0.2%	3,940	0.2%	3,940	0.2%	3,940	0.2%
35,070	1.8%	35,772	1.7%	36,487	1.7%	37,217	1.7%	37,961	1.8%
765,724	38.7%	709,109	33.0%	649,595	30.2%	587,038	27.3%	521,280	24.3%
59,397	3.0%	60,585	2.8%	61,796	2.9%	63,032	2.9%	64,293	3.0%
<u>865,338</u>		<u>809,405</u>		<u>751,818</u>		<u>691,227</u>		<u>627,474</u>	
1,114,549		1,338,773		1,396,360		1,456,951		1,520,704	
<u>1,038,040</u>		<u>1,038,040</u>		<u>1,038,040</u>		<u>1,038,040</u>		<u>1,038,040</u>	
<u>\$ 76,509</u>		<u>\$ 300,733</u>		<u>\$ 358,320</u>		<u>\$ 418,911</u>		<u>\$ 482,664</u>	
257,385	13.0%	300,745	14.0%	300,745	14.0%	300,745	14.0%	300,745	14.0%

<u>Year 25</u>		<u>Year 26</u>		<u>Year 27</u>		<u>Year 28</u>		<u>Year 29</u>	
\$ 2,148,178	100.0%	\$ 2,330,773	100.0%	\$ 2,330,773	100.0%	\$ 2,330,773	100.0%	\$ 2,330,773	100.0%
3,940	0.2%	3,940	0.2%	3,940	0.2%	3,940	0.2%	3,940	0.2%
38,720	1.8%	39,495	1.7%	40,285	1.7%	41,090	1.8%	41,912	1.8%
452,158	21.0%	379,498	16.3%	303,122	13.0%	222,838	9.6%	138,447	5.9%
65,579	3.1%	66,890	2.9%	68,228	2.9%	69,593	3.0%	70,984	3.0%
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
560,397		489,823		415,575		337,461		255,284	
1,587,781		1,840,950		1,915,199		1,993,312		2,075,490	
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
1,038,040		1,038,040		1,038,040		1,038,040		1,038,040	
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
\$ 549,741		\$ 802,910		\$ 877,159		\$ 955,272		\$ 1,037,450	
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
300,745	14.0%	349,616	15.0%	349,616	15.0%	349,616	15.0%	349,616	15.0%

Year 30

\$ 2,330,773 100.0%

3,940 0.2%

42,750 1.8%

49,736 2.1%

72,404 3.1%

168,830

2,161,943

1,038,040

\$ 1,123,903

349,616 15.0%

3

Exhibit F

Projected Annual Gross Revenue and Annual Service Charge

Anticipated Annual Gross Revenue (RH Net Rent to Investor): \$1,550,070

Initial Annual Service Charge (10% of Net Rent): \$155,007 (escalates thereafter as set forth
Financial Agreement, attached as **Exhibit B** hereto)

Exhibit G

2020 Real Estate Taxes

Attached



TOWNSHIP OF MORRIS

MORRIS COUNTY - NEW JERSEY - USA

Block/Lot/Qual: 8409. 1.	Tax Account Id: 6149
Property Location: 355 MADISON AVE	Property Class: 4A - Commercial
Owner Name/Address: NYC SKYLINE REALTY LLC	Land Value: 1,980,000
130 ROUTE 10 WEST	Improvement Value: 1,410,000
WHIPPANY, NJ 07981	Exempt Value: 0
	Total Assessed Value: 3,390,000
	Additional Lots: None
Special Taxing Districts:	Deductions:

Taxes Utilities Special Assessments

Make a Payment		View Tax Rates	View Current Bill	Project Interest			
Year	Due Date	Type	Billed	Balance	Tax/Inst	Total Due	Status
2021	02/01/2021	Tax	15,780.45	15,780.45	0.00	15,780.45	OPEN
2021	05/01/2021	Tax	15,780.45	15,780.45	0.00	15,780.45	OPEN
Total 2021			31,560.90	31,560.90	0.00	31,560.90	
2020	02/01/2020	Tax	15,534.68	0.00	0.00	0.00	PAID
2020	05/01/2020	Tax	15,534.67	0.00	0.00	0.00	PAID
2020	08/01/2020	Tax	16,009.28	0.00	0.00	0.00	PAID
2020	11/01/2020	Tax	16,043.17	16,043.17	0.00	16,043.17	OPEN
Total 2020			63,121.80	16,043.17	0.00	16,043.17	
2019	02/01/2019	Tax	15,365.18	0.00	0.00	0.00	PAID
2019	05/01/2019	Tax	15,365.17	0.00	0.00	0.00	PAID
2019	08/01/2019	Tax	15,704.18	0.00	0.00	0.00	PAID
2019	11/01/2019	Tax	15,704.17	0.00	0.00	0.00	PAID
Total 2019			62,138.70	0.00	0.00	0.00	

Last Payment: 08/10/20

[Return to Home](#)

Exhibit H

Estimated 2021 Real Estate Taxes

Attached



50 WOODLAND AVENUE
P.O. BOX 7603
CONVENT STATION, NEW JERSEY 07961-7603
FAX NO. (973) 605-8363
WWW.MORRISTWP.COM

KATHRYN VIARENGO
TAX ASSESSOR

(973) 326-7380

**Block 8409, Lot 1
Township of Morris
Estimated Taxes – 2021**

Land Value	\$	1,980,000
Improvement Value		<u>1,410,000</u>
Total Assessed Value	\$	3,390,000
2021 Estimated Tax Rate	\$	2.095
2021 Estimated Taxes	\$	71,020.50

Exhibit I
Disclosure Statement
Attached



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: MADISON AVENUE URBAN RENEWAL LLC
File # 2795
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 25 day of July 2020 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By: 

Sean Thompson, Director
Local Planning Services



Exhibit J

Certificate of Formation

Attached

CERTIFICATE OF FORMATION
OF
MADISON AVENUE URBAN RENEWAL LLC

LLC
FILED
JUL 27 2020
STATE TREASURER
0600468547

**Pursuant to Title 42:2C-18 of the
New Jersey Revised Uniform Limited Liability Company Act
and the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.)**

Signed by the undersigned, for the purposes of forming a limited liability company under the New Jersey Revised Uniform Limited Liability Company Act, N.J.S.A. 42:2C-1, et seq. that constitutes a urban renewal entity under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq. (the "Long Term Tax Exemption Law"):

FIRST: The name of the limited liability company is Madison Avenue Urban Renewal LLC (the "Company").

SECOND: The address of the Company's initial registered office and the name of the Company's initial registered agent at such address is:

Corporation Service Company
Princeton South Corporate Ctr., Suite 160
100 Charles Ewing Blvd, Ewing, NJ 08628

THIRD: As required by N.J.S.A. 40A:20-5(b), the purpose for which the Company is formed is to operate under the Long Term Tax Exemption Law 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 Township of Morris, County of Morris, State of New Jersey (the "Township"), 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 the Long Term Tax Exemption Law (all of the foregoing, collectively, "Projects" and each, a "Project").

FOURTH: As required by N.J.S.A. 40A:20-5(c), so long as the Company is obligated under a financial agreement with the Township pursuant to the Long Term Tax Exemption Law, the Company shall engage in no business other than the ownership, operation and management of Projects.

FIFTH: As required by N.J.S.A. 40A:20-5(d), the Company makes the following declaration:

The Company has been organized to serve a public purpose and 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 the Long Term Tax Exemption Law; and (3) that it shall be subject to regulation by the Township, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as it remains the owner of a Project subject to the Long Term Tax Exemption Law.

SIXTH: As required by N.J.S.A. 40A:20-5(e), the Company shall not voluntarily transfer more than 10% of the ownership of a Project or any portion thereof undertaken by the Company under the Long Term Tax Exemption Law until the Company has first removed both itself and the Project from all restrictions of the Long Term Tax Exemption Law in the manner required by the Long Term Tax Exemption Law 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 Township, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the Township. The Company shall file annually with the Township's governing body a disclosure of the persons having an ownership interest in the Projects, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of an ownership interest in the Company itself provided that the transfer, if greater than 10 percent, is disclosed to the Township's governing body in the annual disclosure statement or in correspondence sent to the Township in advance of the annual disclosure statement referred to above.

SEVENTH: As required by N.J.S.A. 40A:20-5(f), the Company is subject to the provisions of N.J.S.A. 40A:20-18 respecting the powers of the Township to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.

EIGHTH: As required by N.J.S.A. 40A:20-5(g), 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.

IN WITNESS WHEREOF, this Certificate of Formation has been signed this 30th day of June, 2020.



Hannah J. Greendyk, Authorized Person

EXHIBIT D
RENT SCHEDULE

Madison Avenenue Urban Renewal LLC
Schedule of Rents
Years 1 through 30

Year 1	1,550,070
Year 2	1,550,070
Year 3	1,550,070
Year 4	1,550,070
Year 5	1,550,070
Year 6	1,681,826
Year 7	1,681,826
Year 8	1,681,826
Year 9	1,681,826
Year 10	1,681,826
Year 11	1,824,781
Year 12	1,824,781
Year 13	1,824,781
Year 14	1,824,781
Year 15	1,824,781
Year 16	1,979,888
Year 17	1,979,888
Year 18	1,979,888
Year 19	1,979,888
Year 20	1,979,888
Year 21	2,148,178
Year 22	2,148,178
Year 23	2,148,178
Year 24	2,148,178
Year 25	2,148,178
Year 26	2,330,773
Year 27	2,330,773
Year 28	2,330,773
Year 29	2,330,773
Year 30	2,330,773

Exhibit C
Total Project Cost
Attached

355 Madison Avenue Urban Renewal LLC
Estimated Projected Total Project Costs
(N.J.S.A. 40A:20-3(h), as amended)

(1) Cost of land and improvements to the entity, whether acquired from a private or public owner, with cost in the case of leasehold interests to be computed by capitalizing the aggregate rental at a rate provided in the financial agreement	\$ 16,000,000
(2) Architect, engineer, and attorney fees, paid or payable by the entity in conjunction with the planning, construction and financing of the project	500,000
(3) Surveying and testing charges in connection therewith (including permits and other similar fees)	100,000
(4) Actual construction costs which the entity shall cause to be certified verified to the municipality and the municipal governing body by an independent and qualified architect, including the cost of any preparation of the site undertaken at the entity's expense	22,000,000
(5) Insurance, interest and finance costs during construction	750,000
(6) Cost of obtaining initial permanent financing	100,000
(7) Commissions and other expenses paid or payable in connection with initial leasing	-
(8) Real estate taxes and assessments during the construction period	94,377
(9) A developer's overhead based on a percentage of actual construction costs, to be computed at not more than the schedule set forth in N.J.S.A. 40A:20-3(h)	<u>1,977,219</u> *
TOTAL ESTIMATED PROJECT COSTS	<u><u>\$ 41,521,596</u></u>
* Total costs before statutory overhead calculation is \$37,062,918 @ 5% is \$1,853,146	
Debt service - assume 70% LTV	<u><u>\$ 29,065,117</u></u>
annual debt service	<u><u>\$ 1,763,862</u></u>

Exhibit D

Development Process Timeline

September 2020: Redevelopment Plan Adopted

October 2020: Adoption of RDA/Introduction of Financial Agreement

November 2020: Financial Agreement Adopted

December 2020/January 2021: File Site Plan Application

February/March/April 2021: Site Plan Approval

April 2021: Demo Permit Issued

May 2021: Construction Permit Issued

May 2021: Construction Commencement

May/June 2022: Substantial Completion/CO

June/July 2022: Grand Opening

Exhibit E

Financial/Fiscal Plan

Attached

Madison Avenue Urban Renewal LLC

Fiscal Plan

	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>	
Rental income	\$ 1,550,070	100.0%	\$ 1,550,070	100.0%	\$ 1,550,070	100.0%	\$ 1,550,070	
Expenses:								
PILOT admin expense	3,100	0.2%	3,100	0.2%	3,100	0.2%	3,100	
Audit fee (est.)	20,000	1.3%	20,600	1.3%	21,218	1.4%	21,855	
Interest expense	1,443,517	93.1%	1,421,578	91.7%	1,398,517	90.2%	1,374,275	
Management fee	46,502	3.0%	46,502	3.0%	46,502	3.0%	46,502	
Total operating expenses	1,513,119		1,491,780		1,469,337		1,445,732	
Income or (Loss) before depreciation	36,951		58,290		80,733		104,338	
Depreciation	1,038,040		1,038,040		1,038,040		1,038,040	
Income or (Loss)	\$ (1,001,089)		\$ (979,750)		\$ (957,307)		\$ (933,702)	
PILOT payment	155,007	10.0%	155,007	10.0%	155,007	10.0%	155,007	

NOTES

- 1) Management Fee - used 3% of Rental income
- 2) PILOT admin is 2% of PILOT as per agreement
- 3) PILOT payment paid by tenant
- 4) Using 40 yrs for depreciation
- 5) Debt service is based upon an LTV of 70% at 5%, 30 year amortization. See Estimated Projected Total Project Cost Summary

	<u>Year 5</u>		<u>Year 6</u>		<u>Year 7</u>		<u>Year 8</u>		<u>Year 9</u>			
100.0%	\$	1,550,070	100.0%	\$	1,681,826	100.0%	\$	1,681,826	100.0%	\$	1,681,826	100.0%
0.2%		3,100	0.2%		3,700	0.2%		3,700	0.2%		3,700	0.2%
1.4%		22,510	1.5%		23,185	1.4%		24,597	1.5%		25,335	1.5%
88.7%		1,348,794	87.0%		1,322,008	78.6%		1,264,257	75.2%		1,233,146	73.3%
3.0%		46,502	3.0%		50,455	3.0%		50,455	3.0%		50,455	3.0%
		<u>1,420,906</u>			<u>1,399,348</u>			<u>1,343,009</u>			<u>1,312,636</u>	
		129,164			282,478			338,817			369,190	
		<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>	
	\$	<u>(908,876)</u>		\$	<u>(755,562)</u>		\$	<u>(699,223)</u>		\$	<u>(668,850)</u>	

10.0%	155,007	10.0%	185,001	11.0%	185,001	11.0%	185,001	11.0%	185,001	11.0%
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<u>Year 10</u>		<u>Year 11</u>		<u>Year 12</u>		<u>Year 13</u>		<u>Year 14</u>			
\$	1,681,826	100.0%	\$	1,824,781	100.0%	\$	1,824,781	100.0%	\$	1,824,781	100.0%
	3,700	0.2%		4,379	0.2%		4,379	0.2%		4,379	0.2%
	26,095	1.6%		26,878	1.5%		28,515	1.6%		29,371	1.6%
	1,200,444	71.4%		1,166,069	63.9%		1,091,953	59.8%		1,052,026	57.7%
	50,455	3.0%		54,743	3.0%		54,743	3.0%		54,743	3.0%
	<u>1,280,694</u>			<u>1,252,070</u>			<u>1,179,591</u>			<u>1,140,520</u>	
	401,132			572,711			645,190			684,262	
	<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>	
\$	<u>(636,908)</u>		\$	<u>(465,329)</u>		\$	<u>(392,850)</u>		\$	<u>(353,778)</u>	
	185,001	11.0%		218,974	12.0%		218,974	12.0%		218,974	12.0%

<u>Year 15</u>		<u>Year 16</u>		<u>Year 17</u>		<u>Year 18</u>		<u>Year 19</u>			
\$	1,824,781	100.0%	\$	1,979,888	100.0%	\$	1,979,888	100.0%	\$	1,979,888	100.0%
	4,379	0.2%		5,148	0.3%		5,148	0.3%		5,148	0.3%
	30,252	1.7%		31,159	1.6%		33,057	1.7%		34,049	1.7%
	1,010,058	55.4%		965,943	48.8%		870,824	44.0%		819,585	41.4%
	54,743	3.0%		59,397	3.0%		59,397	3.0%		59,397	3.0%
	<u>1,099,433</u>			<u>1,061,647</u>			<u>968,425</u>			<u>918,178</u>	
	725,348			918,241			1,011,462			1,061,710	
	<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>			<u>1,038,040</u>	
\$	<u>(312,691)</u>		\$	<u>(119,799)</u>		\$	<u>(74,360)</u>		\$	<u>23,670</u>	
	218,974	12.0%		257,385	13.0%		257,385	13.0%		257,385	13.0%

<u>Year 20</u>		<u>Year 21</u>		<u>Year 22</u>		<u>Year 23</u>		<u>Year 24</u>	
\$ 1,979,888	100.0%	\$ 2,148,178	100.0%	\$ 2,148,178	100.0%	\$ 2,148,178	100.0%	\$ 2,148,178	100.0%
5,148	0.3%	3,940	0.2%	3,940	0.2%	3,940	0.2%	3,940	0.2%
35,070	1.8%	35,772	1.7%	36,487	1.7%	37,217	1.7%	37,961	1.8%
765,724	38.7%	709,109	33.0%	649,595	30.2%	587,038	27.3%	521,280	24.3%
59,397	3.0%	60,585	2.8%	61,796	2.9%	63,032	2.9%	64,293	3.0%
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
865,338		809,405		751,818		691,227		627,474	
1,114,549		1,338,773		1,396,360		1,456,951		1,520,704	
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
1,038,040		1,038,040		1,038,040		1,038,040		1,038,040	
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\$ 76,509		\$ 300,733		\$ 358,320		\$ 418,911		\$ 482,664	
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
257,385	13.0%	300,745	14.0%	300,745	14.0%	300,745	14.0%	300,745	14.0%

<u>Year 25</u>		<u>Year 26</u>		<u>Year 27</u>		<u>Year 28</u>		<u>Year 29</u>	
\$ 2,148,178	100.0%	\$ 2,330,773	100.0%	\$ 2,330,773	100.0%	\$ 2,330,773	100.0%	\$ 2,330,773	100.0%
3,940	0.2%	3,940	0.2%	3,940	0.2%	3,940	0.2%	3,940	0.2%
38,720	1.8%	39,495	1.7%	40,285	1.7%	41,090	1.8%	41,912	1.8%
452,158	21.0%	379,498	16.3%	303,122	13.0%	222,838	9.6%	138,447	5.9%
65,579	3.1%	66,890	2.9%	68,228	2.9%	69,593	3.0%	70,984	3.0%
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
560,397		489,823		415,575		337,461		255,284	
1,587,781		1,840,950		1,915,199		1,993,312		2,075,490	
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
1,038,040		1,038,040		1,038,040		1,038,040		1,038,040	
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\$ 549,741		\$ 802,910		\$ 877,159		\$ 955,272		\$ 1,037,450	
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
300,745	14.0%	349,616	15.0%	349,616	15.0%	349,616	15.0%	349,616	15.0%

Year 30

\$ 2,330,773 100.0%

3,940 0.2%

42,750 1.8%

49,736 2.1%

72,404 3.1%

168,830

2,161,943

1,038,040

\$ 1,123,903

349,616 15.0%

3

Exhibit F

Projected Annual Gross Revenue and Annual Service Charge

Anticipated Annual Gross Revenue (RH Net Rent to Investor): \$1,550,070

Initial Annual Service Charge (10% of Net Rent): \$155,007 (escalates thereafter as set forth
Financial Agreement, attached as **Exhibit B** hereto)

Exhibit G

2020 Real Estate Taxes

Attached



TOWNSHIP OF MORRIS

MORRIS COUNTY - NEW JERSEY - USA

Block/Lot/Qual: 8409. 1.	Tax Account Id: 6149
Property Location: 355 MADISON AVE	Property Class: 4A - Commercial
Owner Name/Address: NYC SKYLINE REALTY LLC	Land Value: 1,980,000
130 ROUTE 10 WEST	Improvement Value: 1,410,000
WHIPPANY, NJ 07981	Exempt Value: 0
	Total Assessed Value: 3,390,000
	Additional Lots: None
Special Taxing Districts:	Deductions:

Taxes Utilities Special Assessments

Make a Payment		View Tax Rates	View Current Bill	Project Interest			
Year	Due Date	Type	Billed	Balance	Tax/Inst	Total Due	Status
2021	02/01/2021	Tax	15,780.45	15,780.45	0.00	15,780.45	OPEN
2021	05/01/2021	Tax	15,780.45	15,780.45	0.00	15,780.45	OPEN
Total 2021			31,560.90	31,560.90	0.00	31,560.90	
2020	02/01/2020	Tax	15,534.68	0.00	0.00	0.00	PAID
2020	05/01/2020	Tax	15,534.67	0.00	0.00	0.00	PAID
2020	08/01/2020	Tax	16,009.28	0.00	0.00	0.00	PAID
2020	11/01/2020	Tax	16,043.17	16,043.17	0.00	16,043.17	OPEN
Total 2020			63,121.80	16,043.17	0.00	16,043.17	
2019	02/01/2019	Tax	15,365.18	0.00	0.00	0.00	PAID
2019	05/01/2019	Tax	15,365.17	0.00	0.00	0.00	PAID
2019	08/01/2019	Tax	15,704.18	0.00	0.00	0.00	PAID
2019	11/01/2019	Tax	15,704.17	0.00	0.00	0.00	PAID
Total 2019			62,138.70	0.00	0.00	0.00	

Last Payment: 08/10/20

[Return to Home](#)

Exhibit H

Estimated 2021 Real Estate Taxes

Attached



50 WOODLAND AVENUE
P.O. BOX 7603
CONVENT STATION, NEW JERSEY 07961-7603
FAX NO. (973) 605-8363
WWW.MORRISTWP.COM

KATHRYN VIARENGO
TAX ASSESSOR

(973) 326-7380

**Block 8409, Lot 1
Township of Morris
Estimated Taxes – 2021**

Land Value	\$	1,980,000
Improvement Value		<u>1,410,000</u>
Total Assessed Value	\$	3,390,000
2021 Estimated Tax Rate	\$	2.095
2021 Estimated Taxes	\$	71,020.50

Exhibit I
Disclosure Statement
Attached



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: MADISON AVENUE URBAN RENEWAL LLC
File # 2795
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 25 day of July 2020 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By: 

Sean Thompson, Director
Local Planning Services



Exhibit J

Certificate of Formation

Attached

CERTIFICATE OF FORMATION
OF
MADISON AVENUE URBAN RENEWAL LLC

LLC
FILED
JUL 27 2020
STATE TREASURER
0600468547

Pursuant to Title 42:2C-18 of the
New Jersey Revised Uniform Limited Liability Company Act
and the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.)

Signed by the undersigned, for the purposes of forming a limited liability company under the New Jersey Revised Uniform Limited Liability Company Act, N.J.S.A. 42:2C-1, et seq. that constitutes a urban renewal entity under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq. (the "Long Term Tax Exemption Law"):

FIRST: The name of the limited liability company is Madison Avenue Urban Renewal LLC (the "Company").

SECOND: The address of the Company's initial registered office and the name of the Company's initial registered agent at such address is:

Corporation Service Company
Princeton South Corporate Ctr., Suite 160
100 Charles Ewing Blvd, Ewing, NJ 08628

THIRD: As required by N.J.S.A. 40A:20-5(b), the purpose for which the Company is formed is to operate under the Long Term Tax Exemption Law 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 Township of Morris, County of Morris, State of New Jersey (the "Township"), 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 the Long Term Tax Exemption Law (all of the foregoing, collectively, "Projects" and each, a "Project").

FOURTH: As required by N.J.S.A. 40A:20-5(c), so long as the Company is obligated under a financial agreement with the Township pursuant to the Long Term Tax Exemption Law, the Company shall engage in no business other than the ownership, operation and management of Projects.

FIFTH: As required by N.J.S.A. 40A:20-5(d), the Company makes the following declaration:

The Company has been organized to serve a public purpose and 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 the Long Term Tax Exemption Law; and (3) that it shall be subject to regulation by the Township, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as it remains the owner of a Project subject to the Long Term Tax Exemption Law.

SIXTH: As required by N.J.S.A. 40A:20-5(e), the Company shall not voluntarily transfer more than 10% of the ownership of a Project or any portion thereof undertaken by the Company under the Long Term Tax Exemption Law until the Company has first removed both itself and the Project from all restrictions of the Long Term Tax Exemption Law in the manner required by the Long Term Tax Exemption Law 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 Township, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the Township. The Company shall file annually with the Township's governing body a disclosure of the persons having an ownership interest in the Projects, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of an ownership interest in the Company itself provided that the transfer, if greater than 10 percent, is disclosed to the Township's governing body in the annual disclosure statement or in correspondence sent to the Township in advance of the annual disclosure statement referred to above.

SEVENTH: As required by N.J.S.A. 40A:20-5(f), the Company is subject to the provisions of N.J.S.A. 40A:20-18 respecting the powers of the Township to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.

EIGHTH: As required by N.J.S.A. 40A:20-5(g), 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.

IN WITNESS WHEREOF, this Certificate of Formation has been signed this 30th day of June, 2020.



Hannah J. Greendyk, Authorized Person