

REDEVELOPMENT AGREEMENT

May 11, 2020

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REDEVELOPMENT AGREEMENT

BY AND BETWEEN

HURSTMONT ESTATE ACQUISITION LLC,
as Redeveloper

AND

TOWNSHIP OF HARDING.

Dated: May 11, 2020

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THIS REDEVELOPMENT AGREEMENT is entered into on this 11th day of May, 2020 (hereinafter referred to as the "Agreement") by and between the **TOWNSHIP OF HARDING**, acting as a redevelopment agency (hereinafter referred to as the "Township"), having its offices at 21 Blue Mill Road, New Vernon, County of Morris and State of New Jersey, 07976 and **HURSTMONT ESTATE ACQUISITION LLC** with offices located at 14 Doty Road, Unit B, Haskell, New Jersey 07420 (hereinafter referred to as "the Redeveloper").

WITNESSETH:

WHEREAS, the real property, which is the subject of this Redevelopment Agreement, is land designated as Block 27 Lot 2 (hereinafter referred to as "the Property"); and,

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (hereinafter referred to as the "Redevelopment Law") provides a process for municipal entities to participate in the redevelopment and improvement of property designated as an "area in need of redevelopment;" and,

WHEREAS, by Township Resolution No. 18-196, dated November 19, 2018, the Township authorized the Planning Board of the Township of Harding (hereinafter "Planning Board") to undertake an investigation as to whether the Property at issue herein qualified as an "area in need of redevelopment," and,

WHEREAS, the Planning Board performed the investigation and produced a report, dated February 1, 2019, entitled "685 Mt. Kemble Avenue ("Glen Alpin") 679 Mt. Kemble Avenue ("Hurstmont") Area in Need of Redevelopment Investigation Report", prepared by

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Heyer, Gruel and Associates, 236 Broad Street, Red Bank, New Jersey 07701 (hereinafter "Investigation Report"); and,

WHEREAS, the Investigation Report was reviewed on February 19, 2019, by the Planning Board which recommended to the Township by Resolution that the Property in question qualified as an "area in need of redevelopment," and,

WHEREAS, the Property was determined to be in an "area in need of redevelopment" pursuant to Township Resolution No. 19-073; and,

WHEREAS, the Redevelopment Law, at N.J.S.A. 40A:12A-8, authorizes the Township to arrange for or contract with a selected redeveloper for the planning, construction and/or undertaking of any project or redevelopment work upon the adoption of a redevelopment plan; and,

WHEREAS, the Redevelopment Law, at N.J.S.A. 40A:12A-9, specifies covenants to be contained in an agreement, lease, deed or other instrument between a municipality or redevelopment entity and a redeveloper; and,

WHEREAS, on June 24, 2019, the Township adopted the redevelopment plan known as the Glen Alpin/Hurstmont Redevelopment Plan, Township of Harding, New Jersey, by Ordinance 13-2019 dated June 24, 2019 to include the Property; and,

WHEREAS, the Township adopted an amendment to the redevelopment plan by Ordinance 18-2019 dated September 30, 2019 (the "Redevelopment Plan"); and,

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WHEREAS, the Redevelopment Plan provides that the Township Committee shall serve as the Redevelopment entity; and,

WHEREAS, a report of Qualifications dated June 14, 2019 for the redevelopment of the Property was submitted by Hurstmont Estate Acquisition LLC (the "Redeveloper"); and

WHEREAS, by Township Resolution No. TC-19-136, the Redeveloper was designated as the redeveloper of the Property; and,

WHEREAS, Township Resolution No. TC-19-136 also authorized the negotiation of this Redevelopment Agreement; and,

WHEREAS, Township Resolution No. TC-20-094 authorized the Township to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Township and the Redeveloper, each binding itself, its successors and assigns for the benefit of the parties hereto, its residents, citizens and the community as a whole, and, further to implement the purposes of the Redevelopment Law and the Redevelopment Plan, the Township and the Redeveloper hereby agree as follows:

ARTICLE I

THE REDEVELOPMENT

1.1 Property. The Property that is the subject of this Redevelopment Agreement is more particularly described as follows: Block 27, Lot 2.

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1.2 Redevelopment of Property. The Redeveloper may construct and operate an age restricted senior living community ("Community") consisting of 250 units pursuant to the Redevelopment Plan and approved by the Township (hereinafter referred to as the "Project").

The Project shall provide for (i) no more than 85 units designated as "Assisted Living Residences," as defined in the Redevelopment Plan, and/or units located within the "Dementia Care Home," as defined in the Redevelopment Plan (iii) no more than 125 apartment style units designated as "Independent Living Units," as defined in the Redevelopment Plan and (iv) no more than 40 "Townhouse" style homes (the "Project"). The number of Independent Living Units may be increased by a corresponding decrease in the Townhouse style homes. Of the 250 units 40 shall be affordable housing units which shall be either (i) located within the Assisted Living Units pursuant to NJSA26:214-12.16 and NJAC 8:33H-1.7 and/or Dementia Care Home, or (ii) located within the Independent Living Units. The Assisted Living Residences, Independent Living Units, Dementia Care Home units, and Townhouse homes shall be subject to age restrictions as provided for in the Redevelopment Plan (the "Age Restrictions").

1.3 Applicable Laws and Government Approvals. During the period of the entire Project, the Redeveloper shall comply with any and all Federal, State, County and municipal laws, ordinances, statutes, rules, regulations, executive orders, orders, and/or directives of any kind (hereinafter referred to as "Applicable Laws"), as well as any Government Approvals as hereinafter defined.

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- a. "Government Approvals" shall mean all relevant governmental and quasi-governmental approvals, authorizations, permits and licenses which may be required in order for Redeveloper to construct the Project, and all easements, rights-of-way, parking agreements, shared access agreements, and other agreements from third parties, whether public or private, which may be required for the Project in order to obtain or satisfy any conditions with respect to any such approvals, authorizations, permits or licenses, all of which shall not contain Unacceptable Conditions (as defined below) including, as applicable: (i) redevelopment plan; (ii) municipal and county preliminary and final subdivision and site plan approval(s) for the Project, including variances and waivers as needed; (iii) highway/road access, road opening, curb cut and related permits; (iv) DEP permits and approvals for stream encroachment, wetlands delineation, Septic Treatment Facility (as defined in section 4.16 herein), including adding additional pump stations, potable water service connection, stormwater discharge, and other matters pursuant to Environmental Laws; (v) commitments for all utilities (including potable water, the Septic Treatment Facility, and "will serve" letters for electric service, natural gas, telephone/fiber optic lines, cable, satellite service and other private utilities), in each case, at standard connection rates and with sufficient capacity to service the Project; (vi) all approvals necessary to obtain

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a developer's agreement with the Municipality, other than Redeveloper's signature; (vii) all approvals necessary to obtain a financial agreement with the Municipality for payment in lieu of taxes, other than Redeveloper's signature; and (viii) all other approvals, authorizations, permits and licenses required as a condition for the issuance of building permits for the construction of the Project.

- b. "Unacceptable Conditions" shall mean conditions of approval which are imposed by a governmental authority and (A) would cost in the aggregate more than \$250,000 in development costs for all components of the project other than the Septic Treatment Facility in excess of eighty million dollars (\$80,000,000.00) or would cost in the aggregate more than \$150,000 in costs associated with the Septic Treatment Facility in excess of one million five hundred thousand dollars (\$1,500,000.00), (B) require more than 40 affordable housing units, pursuant to Section 1.2 herein, or (C) reduce the number of permitted units for the Project below that specified in Section 1.2 herein.
- c. "Environmental Laws" shall mean all laws relating to environmental matters or concerning pollution or protection of the environment, including laws governing the use, storage, disposal, discharge, cleanup or reporting of hazardous substances or hazardous wastes. Environmental Laws specifically

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include but are not limited to: (i) the New Jersey Industrial Site Recovery Act ("ISRA"), N.J.S.A. 13:1K-6 et seq.; (ii) the New Jersey Site Remediation Reform Act ("SRRA"), N.J.S.A. 58:10C, et seq.; (iii) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. §9601 et seq.; (iv) the Resource Conservation and Recovery Act of 1976, 42 U.S.C.A. §6901 et seq.; (v) the Clean Water Act, 33 U.S.C.A. §1251 et seq.; (vi) the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq.; (vii) the New Jersey Underground Storage Tank Act, N.J.S.A. 58:10A-21 et seq.; (viii) the New Jersey Freshwater Wetlands Protection Act, N.J.S.A. 13:9B-1 et seq.; (ix) the New Jersey Hazardous Substances Discharge Reports and Notices Act, N.J.S.A. 13:1K-15 et seq.; and (x) the New Jersey Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq.; together with, in each case, the accompanying or related directives, rulings and regulations, and all as may be amended from time to time.

All references within this Redevelopment Agreement to Applicable Laws and/or Government Approvals shall include any and/or all of the references within this Section, as well as any document and/or requirement reasonably interpreted to be an Applicable Law and/or Government Approval.

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ARTICLE II
TOWNSHIP REPRESENTATIONS

~~The Township makes the following representations:~~

2.1 By Township Ordinance No. 18-2019, the Township designated itself redevelopment entity pursuant to the Redevelopment Law, N.J.S.A. 40A:12A-1 et seq. It further represents that it remains in good standing and is authorized to enter into this Redevelopment Agreement.

2.2 The Township has adopted Resolution No. TC-19-136 to designate the Redeveloper as the Redeveloper for the Property.

2.3 This Redevelopment Agreement has been duly authorized by Resolution No. TC-20-094, adopted by the Township.

2.4 This Redevelopment Agreement will constitute a legal, valid and binding obligation of the Township, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights and subject to the availability of legal and/or equitable remedies.

2.5 The execution and delivery of this Redevelopment Agreement by the Township and consummation of the transactions contemplated hereby does not violate, conflict with or constitute a default under the provisions of any agreement, understanding or arrangement that the Township is a party or by which it is bound or any statute, rule, regulation, ordinance, order or decree in force as of the date hereof.

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2.6 All statements made herein are true and correct and are made to the best of the Township's knowledge, information and belief at the time of the making of this Redevelopment Agreement.

2.7 Upon completion of the required improvements, as set forth in the Redevelopment Plan, the conditions determined to exist at the time the area was declared to be in need of redevelopment shall be deemed to no longer exist as a result of such determinations.

ARTICLE III

REDEVELOPER REPRESENTATIONS AND WARRANTIES

The Redeveloper makes the following representations and warranties:

3.1 The Redeveloper intends to redevelop the Property in compliance with this Redevelopment Agreement, the Redevelopment Plan, and all Applicable Laws and/or Government Approvals.

3.2 The Redeveloper will provide copies of the fully executed deeds conveying the portions of the Property to the urban renewal entities undertaking the Townhome component and the Assisted Living Units, Independent Living Units, and Dementia Care Home component respectively immediately upon closing.

3.3 Redeveloper is under contract to purchase the Property. Within sixty (60) days after receipt of all Government Approvals, Redeveloper shall obtain title to the Property.

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3.4 The Redeveloper has the legal capacity to enter into this Redevelopment Agreement and perform each and every one of the undertakings set forth herein as of the date of full execution by both parties of this Redevelopment Agreement.

3.5 Pursuant to N.J.S.A. 40A:12A-9, the Redeveloper acknowledges that all uses to which the Project may be devoted to are controlled by the most recent and effective Redevelopment Plan, and the most recent and effective Applicable Laws and/or Government Approvals as provided for in Section 4.7, and that under no circumstances can the Redeveloper undertake any construction or redevelopment at the Property that is not in accordance with the Redevelopment Plan and/or Applicable Laws and/or Government Approvals and/or this Redevelopment Agreement.

3.6 Provided this Agreement remains in effect, the Redeveloper shall use reasonable efforts to obtain all necessary Government Approvals, and upon obtaining all Government Approvals, shall use reasonable efforts to commence and continue to redevelop the Property, as outlined in the Redevelopment Plan, in accordance with the estimated development schedule provided by the Redeveloper, attached hereto as Exhibit "A" (hereinafter the "Development Schedule"). The Redeveloper shall have the right to accelerate the time frames set forth in the Development Schedule at its option. The Parties agree that the Development Schedule shall be automatically subject to extension based on a Force Majeure Event as defined in Section 10.8. If the Redeveloper is unable to meet any date set forth on the Development Schedule for reasons other than a Force Majeure Event, Redeveloper shall provide notice to the Township stating: (i)

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the reason for the inability to complete the task in accordance with the applicable date, (ii) Redeveloper's proposed method for minimizing such delay, (iii) Redeveloper's anticipated schedule for completing such task, and (iv) the method or methods by which Redeveloper proposes to achieve subsequent tasks and anticipated dates if different from dates in the Development Schedule. The Township shall approve appropriate modifications to the Development Schedule, with such approval not to be unreasonably withheld if the reason for the inability to complete a certain task is attributed to reasonable good cause, provided that the Redeveloper is diligently pursuing construction of the Project, and the Development Schedule shall be adjusted accordingly.

3.7 Prior to the completion of construction of a Project Phase as evidenced by a Certificate of Completion defined in Section 4.19 and subject to Sections 7.3, 7.4, and 7.5, the Redeveloper shall be without the power to sell, lease or otherwise transfer the applicable portion of the redevelopment area or Property, or any part thereof, without the express written consent of the Township, except (i) sell or lease Townhouse units, (ii) lease Independent Living Units, (iii) lease Assisted Living Units and (iv) lease Units in the Dementia Care Home.

3.8 The Redeveloper represents and warrants that all persons or entities with an ownership interest in the Redeveloper are listed in the Ownership Disclosure Statement.

3.9 All necessary resolutions have been duly adopted to authorize the execution and delivery of this Redevelopment Agreement and to authorize and direct the persons executing this Redevelopment Agreement to do so for and on the Redeveloper's behalf.

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3.10 The Redeveloper's execution and delivery of this Redevelopment Agreement and its performance hereunder will not constitute a violation of any operating, partnership and/or stockholder agreement of Redeveloper or of any agreement, mortgage, indenture, instrument or judgment that the Property and/or the Redeveloper is a party to, or, a violation of any statute, rule, regulation, ordinance, or decree in force as of the date hereof.

3.11 This Redevelopment Agreement has been duly authorized, executed and delivered by the Redeveloper and, on the date hereof, will constitute a legal, valid and binding obligation of the Redeveloper enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or similar applicable laws affecting creditor's rights generally and subject to the availability of legal and/or equitable remedies.

3.12 No receiver, liquidator, custodian and/or trustee of the Redeveloper has been appointed or is contemplated as of the final execution date by both parties of this Redevelopment Agreement and no petition to reorganize Redeveloper, pursuant to the United States Bankruptcy Code or any similar statute that is applicable to the Redeveloper, has been filed or is contemplated to be filed as of the final execution date of this Redevelopment Agreement by both parties.

3.13 No indictment has been returned against any officer, director, member or official of the Redeveloper with respect to any transaction in any way related to the transactions contemplated by the terms of this Redevelopment Agreement or that would interfere with any of the provisions of this Redevelopment Agreement.

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3.14 All statements made herein by or on behalf of the Redeveloper are true and correct and are made to the best of the Redeveloper's knowledge, information and belief and shall do so throughout the duration of this Redevelopment Agreement.

3.15 The Redeveloper represents and warrants that it has obtained or will obtain all necessary licenses and certifications necessary to effectuate the contemplated redevelopment and further represents that it is qualified to do business in the State of New Jersey and has been on or before the date of this Redevelopment Agreement.

3.16 The Redeveloper understands and acknowledges that the Township is reasonably relying upon the representations made herein.

3.17 The Redeveloper represents and warrants that together with its investors and partners, it is properly equipped and organized and has the experience, qualifications, and financial capacity to undertake the construction and operation of the Project pursuant to this Agreement, including, without limitation, the capacity to obtain financing and to provide appropriate security (such as performance and completion guarantees), based on the condition of the Property as understood by the Redeveloper as of the date of execution of this Agreement.

ARTICLE IV

REDEVELOPER'S OBLIGATIONS

4.1 Reimbursement for Professional Services. The Township may, from time to time, retain the services of "Licensed Professionals" (attorneys, planners, financial consultants, traffic consultants, engineers, appraisers, etc.). The Redeveloper agrees that the Township shall be

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entitled to appoint Licensed Professionals to act as consultants and to perform such work as the Township deems necessary in connection with the redevelopment of the Property.

~~Notwithstanding the foregoing, the Township shall notify the Redeveloper in advance of~~
retaining any such professional/consultant if not already retained by them as to this Redevelopment. Prior to the date hereof, the Redeveloper has deposited, with the Township, the sum of Forty Thousand Dollars (\$40,000) (hereinafter referred to as the "Professional Fee Deposit") to be used towards the payment of said fees and costs. Upon receiving invoices from its professionals, the Township shall pay such invoices, debit the Professional Fee Deposit in the amount of said invoices and forward to the Redeveloper a copy of the invoice, which copy shall serve as notice that the Professional Fee Deposit was debited in the amount of the invoice. In the event the Professional Fee Deposit falls below Fifteen Thousand Dollars (\$15,000) the Township shall require the Redeveloper, within ten (10) calendar days of notice of such deficiency, to replenish the Professional Fee Deposit to Twenty-Five Thousand Dollars (\$25,000) amount. Upon the expiration of this Agreement, as set forth elsewhere, any escrow monies posted by the Redeveloper that remain in the Professional Fee Deposit Account, shall be refunded to the Redeveloper. The Professional Fee Deposit is separate and distinct from any deposits made pursuant to N.J.S.A. 40:55D-53.1 in connection with site plan and subdivision applications.

4.2 Administrative/Redeveloper Fee. The Redeveloper agrees to pay an Administrative/Redeveloper Fee to the Township (hereinafter referred to as the "Fee") to cover the administrative costs of the Township (which includes time [i.e. manpower] and materials)

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which is used by the Township's executive and administrative staff in connection with the proposed redevelopment and costs of the services of Licensed Professionals incurred by the Township prior to the application of the Professional Fee Deposit. Such Fee shall initially be the sum certain amount of \$91,500.00 and shall be paid as a condition precedent to Redeveloper filing an application for development for the Project. There shall be no refund of the Fee in the event of termination of this Agreement.

The Township has negotiated the provisions of Sections 4.1 and 4.2 pursuant to the authority granted by the Local Redevelopment and Housing Law and in particular N.J.S.A. 40A:12A-8(f) thereof. Notwithstanding that the Township is not required by the Local Redevelopment and Housing Law to comply with the provisions of N.J.S.A. 40:55D-53.2 governing deposits for development applications, the Township agrees that the fees charged under this section shall be reasonable and necessary, and shall comply with N.J.S.A. 40:55D-53.2(a), (c), (d) and (f) to the extent not otherwise controlled by this Agreement and excluding fees arising from any litigation related to this Agreement or the redevelopment of the Property or any negotiations with Redeveloper concerning this Agreement.

4.3 Township Costs. The Redeveloper shall be responsible for all costs incurred by the Redeveloper in implementing the Project, acquiring the necessary real property and satisfying its obligations under this Agreement. The Redeveloper agrees to be fully responsible for and obligated to reimburse the Township for all of the Township's reasonable costs associated with the Project including but not limited to those listed herein (hereinafter collectively referred to as

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the "Township Costs"). The Township Costs shall include, without limitation, the following, to the extent they are not paid by the Professional Fee Deposit:

a. reimbursement of legal fees and other professional fees incurred by the Township in connection with the negotiation with the Redeveloper as the redeveloper of the Project and for the preparation of documents and services provided to the Township, and any litigation arising from the Project;

b. costs of the Township, if any, as a result of compliance with any State, Federal or local regulations;

c. costs of the Township, if any, relating to any Redeveloper financing of the Project; and,

d. any additional costs associated with, and necessary for, the Project, including but not limited to professional fees incurred for planner, architects, engineers, environmental consultants and legal counsel during pre-development, development and until the issuance of a Certificate of Completion for the Project.

The Redeveloper agrees to reimburse the Township for all Township Costs upon forty-five (45) days' written notice from the Township to the Redeveloper given in accordance with the notice provisions of this Agreement. The Redeveloper further acknowledges and agrees that the obligation to reimburse the Township for all Township Costs shall apply to all such costs incurred, whether prior to or subsequent to the termination of this Agreement, provided that with respect to such Township Costs incurred after the termination of this Agreement, such costs are

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incurred in connection with actions undertaken by the Township prior to the termination of the Agreement.

4.4 Historic Review. Redeveloper shall include an extra copy of its development plans in its submission for the Township Committee's review for consistency with the Redevelopment Plan and this Agreement.

4.5. Intentionally omitted.

4.6 Performance Guarantees. The Redeveloper shall post bonds and/or irrevocable letters of credit in a form acceptable to the Township consisting of, but not limited to, performance, construction, maintenance and payment guarantees for the proposed site plan improvements pursuant to the Municipal Land Use Law and in accordance with all requirements of the Township's professionals.

4.7 Obtainment of Government Approvals. Subject to the terms of this Agreement, the Redeveloper shall, in a timely manner and with all due diligence, apply for and use reasonable efforts to obtain all required Government Approvals of any kind necessary to gain approvals for the construction of the Project at the Property. Government Approvals shall include the consistency review of project plans by the Township Committee as provided for in the Redevelopment Plan. The consistency determination shall be memorialized by Resolution adopted at an open meeting of the Township Committee. Separate mailed or published notice of the meeting will not be required. The Redeveloper shall be responsible for complete compliance with each and every Government Approval during the entirety of the redevelopment of the

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Property and after, as applicable. Every sixty (60) calendar days from the final execution date of this Redevelopment Agreement, the Redeveloper shall provide to the Township a written progress report of all redevelopment activities, including true copies of each application and supporting documents submitted by the Redeveloper, all formal reports received in connection therewith, and all Government Approvals it receives to the Township. The Redeveloper shall be solely responsible for any and all costs and fees incurred in obtaining Government Approvals. The parties agree that the Redeveloper will be required to address the Township and the Planning Board as well as other municipal/County/State/Federal agencies in order to legally, effectively and efficiently redevelop the Property and undertake and complete the Project. The Township agrees to cooperate, when necessary, with the Redeveloper in the process and procedure for such approvals.

4.8 Indemnification of the Township. Redeveloper shall be and remain liable for any and all damages or monetary loss (including, but not limited to, reasonable attorney's fees) that may be suffered by the Township, or its officials, officers, employees, agents, representatives, designees, and/or professionals by any neglect act or omission by the Redeveloper or any person, firm, or corporation that the Redeveloper is legally responsible to/for arising from the Redeveloper's development in any manner of the Property. The Redeveloper shall also indemnify, and hold harmless, the Township, its officials, officers, employees, agents, representative boards, commissions, representatives, designees and/or professionals for any and all actions at law or in equity, charges, debts, liens, encumbrances, costs and reasonable

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attorney's fees that may arise from any such damage or loss, from the Redeveloper's development of this Property, except where the Township or its agents have been judicially determined to have been guilty of negligence or misconduct as it specifically relates to the redevelopment of this Property. The within indemnification shall not apply to claims arising out of events first occurring after the issuance of the Certificate of Completion for the Project Phase or Project, as applicable. Claims that relate to events which occurred prior to the issuance of a Certificate of Completion including, but not limited to, construction of a Project Phase or the Project are not subject to the within limitation. The limitation on indemnity shall not extend to liability under the performance and maintenance guarantees required pursuant to Section 4.6.

Redeveloper shall provide proof of a single general liability insurance by way of Accord Certificate with a 30 day provision for notice of change or cancellation in an amount not less than \$2,000,000 naming the Township as an additional insured, and that such insurance is primary and non-contributory with respect to general liability and any excess/umbrella liability insurance of Redeveloper, and includes a waiver of subrogation in favor of the Township. Such general liability insurance policy may also name any urban renewal entities controlling any Project Phase(s) as an additional insured. Notwithstanding the foregoing, in the event this agreement is assigned in part to an urban renewal entity responsible for a Project Phase, such urban renewal entity shall be responsible for obtaining a general liability insurance policy as to such Project Phase, or in the event this agreement is assigned in whole to an urban renewal entity

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responsible for the Project, such urban renewal entity shall be responsible for obtaining a general liability insurance policy as to the Project.

4.9 Intentionally Omitted.

4.10 Covenant to Build. Provided this Agreement remains in effect, Redeveloper covenants, warrants, represents, and agrees that it or its assignee(s) will construct the improvements on the Property together with all ancillary uses as indicated in the Government Approvals, the site plan, based upon the concept and cross section plan annexed as Exhibit "B" (the "Concept Plan") finally approved by the Planning Board (hereinafter "Site Plan") and the construction plans to be prepared by the Redeveloper's architect (hereinafter "Construction Plans"). The Parties agree that the Concept Plan is illustrative only and subject to modification consistent with the Redevelopment Plan to the best of Redeveloper's knowledge resulting from site constraints of the Property, economic, financing, or demand concerns, or permitting conditions, issues, or requirements pursuant to any Government Approval. All improvements must be constructed in accordance with all restrictions and controls contained in the Redevelopment Plan, or variance granted by the Harding Township Planning Board thereto, which shall include the Community consisting of Assisted Living Residences, Dementia Care Homes, Independent Living Units and Townhouses as set forth in Section 1.2. The Township shall have no responsibility for the cost and expense of any infrastructure (sidewalks, paths except for elective ADA compliance as set forth in Section 4.15, crossings, utilities and site lighting, off street parking, on-site roadways, pilings, foundations, footings, walkways, street

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trees, landscaping, Septic Treatment Facility except connection to the Glen Alpin Cultural Center District as provided in Section 4.16, including adding additional pump stations, emergency generators, etc.) and any and all other construction identified in the definition of improvements, on and serving the Property.

4.11 Off-Site Road Improvements. The Township anticipates that there will be constructed in the near future, improvements to Route 202 adjacent to the Property, and to the intersection of Route 202 and Tempe Wick Road by the NJDOT, County of Morris and/or the Township ("Traffic Improvements"). Redeveloper acknowledges the Project requires access, subdivision and/or site plan permits from the NJDOT arising out of the two driveway intersections with Route 202 to service the Property and the proximity of the Project to Route 202 ("Project Traffic Improvements"). Redeveloper shall be responsible for any costs or improvements (subject to Sections 1.3b and 10.5) required for the issue of permits for the Project Traffic Improvements; however, Redeveloper shall have no responsibility for costs or improvements associated with permitting or construction of the Traffic Improvements. The Redeveloper shall be permitted to proceed with the construction of the Project; provided that all other Governmental Approvals have been obtained, regardless of whether the construction of the Traffic Improvements have been permitted, commenced or completed.

4.12 Suspension of Construction. After construction on the Property has commenced, if the Redeveloper shall abandon or suspend construction activities for a period of one hundred eighty (180) cumulative business days during the construction period, subject to Force Majeure,

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and the suspension or abandonment is not cured, ended or remedied within thirty (30) business days after written demand by the Township to do so, then the Township shall have the right to declare the Redeveloper in default of this Agreement and terminate this Agreement in accordance with Section 10.3 and 10.4. The cure for abandoned or suspended construction activity shall be a diligent mobilization and continuous construction activities thereafter.

4.13 Affordable Units. As a condition to the issue of a Certificate of Occupancy for the twentieth Townhouse, Redeveloper shall have received Certificates of Occupancy for all of the affordable units to be located in the Independent Living Building. As a condition to the issue of a Certificate of Occupancy for the thirtieth Townhouse, Redeveloper shall have received Certificates of Occupancy for all of the affordable units to be located in the Assisted Living/Dementia Care building. Except to the extent modified by or inconsistent with the Redevelopment Plan, concerning the delivery of Affordable Units, Redeveloper shall comply with the provisions of Ordinance 4-2019 concerning affordable housing including Section 225-213 concerning the fees of the Administrative Agent. To the extent Redeveloper plans to utilize any of the units within the Dementia Care Home as affordable units attributable to assisting living as provided for pursuant to NJSA 26:2H-12.16 and NJAC 8:33H-1.7, written approval of the Administrative Agent and Special Master appointed by the Superior Court of New Jersey (Docket No: MRS-L-1672-15) must be obtained. Provided Redeveloper is in compliance with this Section 4.13, Redeveloper shall have sole discretion with regard to the sequencing of the Project Phases.

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4.14 Conveyance. The Redeveloper shall convey a strip of land along the westerly boundary of the Property consisting of 2.5 acres for nominal consideration to the Township, or the Township's designee for use as public open space land. The strip of land shall be established by subdivision approved by the Planning Board no later than the Planning Board's approval of Redeveloper's site plan for the Property in a configuration approved by the Township engineer that shall not interfere with Redeveloper's Project. Notwithstanding the subdivision and conveyance of the 2.5 acres, the 2.5 acres shall be considered part of the Property for purposes of any site plan application for development on the Property and determining such application's compliance with any bulk requirements or design standards imposed by the Redevelopment Plan of the Harding Township Code. The strip of land shall be conveyed by Quit Claim Deed, with good, marketable and insurable title at regular rates, free and clear of liens and encumbrances within 30 days after the Certificate of Completion for the Assisted Living Units, Dementia Care Home and Independent Living Units. The Parties agree that in the event that Redeveloper acquires the Glen Alpin Cultural Center District from the Township, Redeveloper shall receive a credit against the purchase price in the amount of \$500,000.00 in recognition of the value of the conveyance pursuant to this Section 4.14 and dedication of the easement pursuant to Section 4.15.

4.15 Easement. Redeveloper shall grant an easement to the Township or its designee for a trail to connect the trail to be located on the Glen Alpin Cultural Center District with the strip of land described above to be located as shown on the Concept Plan within 30 days after the

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Certificate of Completion for the Assisted Living Units, Dementia Care Home and Independent Living Units. The trail surface will be of natural materials. The Redeveloper will not have to extend the trail into the strip of land described in Section 4.14 above. The Redeveloper shall construct a permanent outdoor stairway to connect the strip of land if necessary to the trail, the design of which shall be approved by the Township engineer. Notwithstanding the foregoing, Redeveloper shall have sole discretion as to the location of the stairway. Redeveloper shall not be responsible for the ADA compliance of the stairway; to the extent the Township determines ADA compliance is desirable, including but not limited installation of mechanical lift, the Township may make such improvements to the stairway at the Township's sole cost and expense. Title to the easement shall be good, marketable and insurable at regular rates free of liens and encumbrances other than the lien of Redeveloper's construction and acquisition mortgage which shall be subordinated to the easement.

4.16 Septic Treatment. Provided this Agreement remains in effect, upon receipt of all Government Approvals, Redeveloper shall construct a self-contained Subsurface Wastewater Treatment and Disposal System (the "Septic Treatment Facility") on the Property in the location shown on the Concept Plan, that shall include below grade treatment tanks and equipment with an above grade support structure. Redeveloper may commence construction of the Septic Treatment Facility upon obtaining a Treatment Works Approval and Government Approvals from Morris County, at Redeveloper's sole discretion. The structure shall be designed in accordance with the Redevelopment Plan. The Septic Treatment Facility will be sized

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sufficiently to service the Project and the adjoining Glen Alpin Cultural Center District, including a renovated Glen Alpin mansion and appurtenant facilities, and a group home or homes to be located where the Glen Alpin garages currently stand. The Township agrees to support Redeveloper's application for a Water Quality Management Plan Amendment to the New Jersey Department of Environmental Protection. The owner of the property within the Glen Alpin Cultural Center District shall be responsible for the costs and expense of all infrastructure necessary to connect the Glen Alpin Cultural Center District property to the Septic Treatment Facility pursuant to the CSAE provided for in Section 6.1. The Septic Treatment Facility shall be deemed a public improvement for purposes of performance guarantees pursuant to N.J.S.A. 40:55D-53, but the Township shall not subject the Septic Treatment Facility to prevailing wage requirements.

4.17 Green Construction. Redeveloper shall pursue LEED or similar certification, or utilize some reasonable LEED standards, even without the pursuit of certification. For the avoidance of doubt, Redeveloper shall not be required to pursue or secure LEED certification. Redeveloper shall incorporate the LEED components listed on Exhibit F.

4.18 Change of Status/Structure. The Redeveloper agrees that it shall not change its legal and/or corporate status/structure without the express prior written consent of the Township, subject to the Provisions of Sections 7.3 and 7.4.

4.19 Certificates of Occupancy/Temporary Certificates of Occupancy and Certificate of Completion. The Parties acknowledge that the Project includes multiple phases,

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which such phases include: (a) the Dementia Care Home, (b) the Independent Living Units, and (c) the Townhouse homes (each a "Project Phase"). Each Project Phase may be owned by a separate and distinct urban renewal entity. Upon completion of the construction of all of the components of a Project Phase in accordance with the Government Approvals, the Redeveloper shall apply for a "Certificate of Occupancy" for the components of the improvements constituting the Project Phase as they are completed. Completion of a Project Phase shall mean that all work has been completed including, but not limited to buildings, paving, utilities, landscaping, storm drainage and that all unconditional Certificates of Occupancy have been issued in accordance with the New Jersey Uniform Construction Code. In addition, upon completion of the Project Phase and for purposes of releasing certain of the restrictions referenced in this Agreement, the Township agrees to issue a "Certificate of Completion" in proper form for recording that shall acknowledge that the Redeveloper has performed all of its duties and obligations under this Agreement and has completed construction of the Project Phase in accordance with the requirements of this Agreement. The Certificate of Completion shall constitute a recordable conclusive determination of the satisfaction and termination of the agreements and covenants in this Agreement and in the Redevelopment Plan with respect to the Redeveloper's obligation to construct the Project Phase within the dates of the commencement and completion of same. Upon issuance of a Certificate of Completion, the conditions determined to exist at the time the applicable portion Property, as may have been subdivided, was determined to be in need of redevelopment shall be deemed to no longer exist. If the

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Township shall fail or refuse to provide the Certificate of Completion within thirty (30) calendar days after a written request by the Redeveloper, the Township shall provide to the Redeveloper a written statement setting forth in detail the aspects of the Project Phase that it believes that the Redeveloper has failed to complete in accordance with the provisions of this Agreement or is otherwise in default under this Agreement and what reasonable measures or acts will be necessary in order for the Redeveloper to be entitled to a Certificate of Completion.

4.20 Deliverables. On or before the ninetieth day following the date of this Agreement, the Redeveloper shall deliver the following to the Township:

- (a) A construction budget for completion of the Project.
- (b) Financing and capitalization plan for the Project.

All deliverables shall be subject to the review and approval of the Township in connection with Redeveloper's application for short and long term tax exemptions

4.21 Construction Details. The final plans shall be consistent with the following requirements:

- (a) Internal road widths shall be 22 feet. The street providing primary access to the Independent Living Units and Assisted Living/Dementia Care Home buildings may be 24 feet wide.
- (b) There shall be no sidewalks along Mt. Kemble Road.
- (c) Mountable curbing shall be utilized where feasible.
- (d) There shall be no parking along the internal roadways.

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(e) Attached as Exhibit "C" is a list of acceptable material for surfacing of retaining walls.

(f) In the event that the service bay for the Independent Living Apartment building is located along the northern property line of the Property, it shall be located partially below finished grade and screened from the residence on the property adjoining to the north, such that the surface drive and vehicles thereon within the service bay shall not be visible from the residence on the property adjoining to the north.

(g) Redeveloper shall make reasonable use of the structures and materials found in the former Hurstmont gardens for ornamentation within the Project, as may be practicable.

ARTICLE V

TOWNSHIP RESPONSIBILITIES

The Township will utilize its best efforts to promote and facilitate the following actions required and the Township understands and acknowledges that the Redeveloper is reasonably relying upon the Township undertaking the following actions:

5.1 Governmental Approval Process Cooperation. The Redeveloper shall have the right, at any time following the Effective Date of this Agreement, to file any application for a local, County, State, or Federal land use approval or permit relevant to any aspect of the redevelopment of the Property or to the extent necessary or appropriate for purposes of financing or other reasons that would promote the goals of redeveloping the Property. The Township and the Redeveloper shall cooperate with and use diligent efforts to obtain, or cause to be obtained,

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any and all necessary Government Approvals. To expedite redevelopment of the Property, the Township will exercise good faith diligent efforts in the review by the Township engineering and planning Departments and professionals of the Redeveloper's subdivision, site plan, and construction plans for compliance with all Applicable Laws. The Township Committee shall expedite its consistency review of Redeveloper's plans and the Township Committee shall take such steps as it reasonably can to cause the Planning Board to expedite its review of any application for development submitted for redevelopment of the Property within the time frames established under N.J.S.A. 40:55D-1 et. seq. Application may be made simultaneously for preliminary and final subdivision and/or site plan approval. The Township agrees, to the extent reasonably requested by the Redeveloper and in accordance with Applicable Law to execute (as a co-applicant) any application relating to the Government Approvals.

5.2 Tax Exemption

a. To provide an incentive for the Redeveloper to undertake the implementation of the Project in its intended scope, and recognizing the extraordinary expenses concerning the construction of the Septic Treatment Facility and retaining walls, the removal of excess fill and the support of affordable housing, the Township, pursuant to its authority under NJSA 40A:12A-39, the Township agrees to provide certain assistance to the Project as set forth in this Section 5.2.

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b. Pursuant to the Long Term Exemption Law, NJSA 40A:20-1, et seq. (the "LTTE"), the Township agrees to enter into a financial agreement for the Project Phase consisting of the Assisted Living Units, Dementia Care Home and Independent Living Units, to which it will agree to accept a payment in lieu of taxes ("PILOT") with respect to the improvements to be constructed in the Project Phase for the Assisted Living, Dementia Care Home and Independent Living Units (the "AL/IL Financial Agreement"). The Township has authority pursuant to the LTTE, upon adoption of an authorizing ordinance, to execute an AL/IL Financial Agreement substantially in the form and incorporating the terms annexed as Exhibit D.

c. Pursuant to the Five Year Exemption and Abatement Law, NJSA 40A:21-1, et seq. (the "FYEAL"), the Township agrees to enter into a financial agreement for the Project Phase consisting of the development of the Townhouse Units, to which it will agree to accept a PILOT with respect to the improvements to be constructed in the Project Phase for the Townhouses (the "TH Financial Agreement"). The Township has authority pursuant to the FYEAL, upon adoption of an authorizing ordinance, to execute a TH Financial Agreement substantially in the form and incorporating the terms annexed as Exhibit E.

d. The Redeveloper's obligations listed on Exhibit G are contingent upon the approval and execution by the Township of the AL/IL Financial Agreement and the TH Financial Agreement substantially in the form and incorporating the terms of Exhibits D and E. It is contemplated that the ordinances authorizing the two agreements for PILOT will be adopted

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immediately following the adoption of the resolution authorizing this Agreement. Redeveloper agrees to execute and deliver to the Township, immediately following the adoption of the authorizing ordinances and the signing of this Agreement by the parties, the signed AL/IL Financial Agreement and the signed TH Financial Agreement.

5.3 Historic Investigation. The Township shall retain such historic research and archaeological professionals to be paid for by Redeveloper out of the Professional Fee Deposit Account pursuant to Section 4.1 as it deems necessary to conduct a survey of the grounds of the Property proximate to the adjacent Morristown National Historic Park in areas not previously developed in connection with Hurstmont. The purpose of the survey shall be to identify and catalog any artifacts that may remain from use of the area as a possible encampment for soldiers during the Revolutionary War. This survey shall be completed by Richard Grubb & Associates, pursuant to proposal dated February 28, 2020 within forty-five days of execution of this Agreement and shall cost no more than fifteen thousand dollars (\$15,000.00).

ARTICLE VI

PROJECT OPERATIONS

6.1 Master Association and Cost Sharing Agreement and Easement.

(a) Redeveloper shall establish a Cost Sharing Agreement and Easement (the "CSAE") for all of the Property that shall be extended to the Glen Alpin Cultural Center District for the provision of septic treatment service. The CSAE shall be perpetual in duration and shall

apportion the cost and expense for the following:

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(i) the repair, replacement, operation and maintenance of Septic Treatment Facility and septic service for the entire area in need of redevelopment.

(ii) Maintenance of common property.

(iii) Interconnections between the Glen Alpin Cultural Center District and the Property including pedestrian (other than the trail) and the Septic Treatment Facility. Redeveloper shall have no obligation to create any vehicular connection between the Glen Alpin Cultural Center District and the Property. The septic connection shall be accomplished by a pressure and not a gravity line which may enter the Property at a reasonable and appropriate point in the boundary line within 200 feet of the Mt. Kemble Road right of way. Redeveloper shall have sole discretion over the location of any septic connection through the Property, provided any such location created by Redeveloper shall be reasonable. The costs to be charged for septic treatment service and conveyance shall be reasonable, based upon actual use and upon applicable NJDEP criteria without contribution for the initial capital cost of installation. The Glen Alpin Cultural Center District shall either 1) install a meter and provide timely quarterly readings of its usage at its sole cost and expense or 2) be charged based on a percentage of total costs, the percentage for which shall be the ratio of the Glen Alpin Cultural Center District's required demand to the total capacity of the Septic Treatment System.

The CSAE document(s) shall include provisions establishing liens to secure common expenses, and the right of the Township to provide the services charging the costs to the property

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owners in accordance with the CSAE's cost sharing provisions, with the performing party's right to lien the non-performing party. The Township shall have the right to review and approve the provisions of the CSAE document(s) implementing the provisions of this Section 6.1.

(b) Redeveloper shall establish a Master Property Owners' Association (the "Association") for all of the Property with a Declaration of Covenants and Restrictions (the "Declaration"). The Association shall be perpetual in duration and shall have responsibility at the cost and expense of its Members over the following:

- (i) Annual contributions to the Harding Volunteer Fire Department and library
- (ii) Maintenance and replacement of all access and internal roadways and driveways including snow clearing.
- (iii) Street lighting.
- (iv) Stormwater management.
- (v) Maintenance of retaining walls.
- (vi) Maintenance of common property.
- (vii) Establishment and maintenance of tree conservation easement.

The Association documents shall include provisions establishing liens to secure common charge assessments, and the right of the Township to provide the services charging the costs to the Association in the event the Association fails to provide the services. The Township shall

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have the right to review and approve the provision of the Declaration implementing this Article VI and the Article VII Declarations pursuant to Article VII.

(c) The Declaration shall also include provisions causing:

(i) its Assisted Living Unit, Dementia Care Home, and Independent Living Unit Member, at its cost and expense, to be responsible for

(1) Private ambulance service for the Property (24 hours, seven days a week). In the event private ambulance service is unavailable, the Assisted Living Unit, Dementia Care Home, and Independent Unit Member shall be invoiced for its use of the public ambulance service.

(2) Private security service for the Property (24 hours, seven days a week).

(3) Removal of solid waste and recycling.

(4) Monitoring and reporting of the applicable Age Restrictions.

(ii) its Townhouse Member, at its cost and expense, to be responsible for:

(1) Private ambulance service for the Property (24 hours, seven days a week). In the event private ambulance service is unavailable, the Assisted Living Unit, Dementia Care Home, and Independent Unit Member shall be invoiced for its use of the public ambulance service.

(2) Private security service for the Property (24 hours, seven days a week).

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(3) Removal of solid waste and recycling.

(4) Monitoring and reporting of the applicable Age Restrictions.

6.2 Support for Township Volunteer Service. Conditioned upon the execution by the Township of the AL/IL Long Term Tax Exemption Financial Agreement and the Short Term Townhome Financial Agreement attached hereto as Exhibits D and E:

(a) At the time Certificate(s) of Occupancy are issued for each of the Assisted Living Residences, Dementia Care Home, and Independent Living Units (the "AL/IL CO") is issued, the Redeveloper shall make a one-time contribution of \$12,000 to the New Vernon First Aid Squad for telemetry units for each of its two ambulances.

(b) At the time an AL/IL CO is issued, and annually thereafter, the Redeveloper, or its successor the Association shall contribute to the New Vernon Volunteer Fire Department the sum of \$40,000 per year. The annual contribution shall be perpetual and be recalculated every five (5) years based upon the percentage change in the Harding Township tax rate during the five year period, not to exceed \$50,000. The payment shall be made on the first day of the month following the month following issue of the AL/IL CO, and on the anniversary of the payment date thereafter.

(c) At the time an AL/IL CO is issued, the Redeveloper shall make a one time contribution of \$14,000 to the Township for the acquisition of defibrillator for use by the Township Police Department.

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(d) At the time an AL/IL CO is issued, and annually thereafter, the Redeveloper, or its successor the Association shall contribute to the Harding Township library in the sum of \$5,000 per year. The Parties shall coordinate to create a book exchange between the Harding Township library and the library for the Assisted Living Residences, Dementia Care Home, and Independent Living Units. Residents of the Project shall receive complimentary membership to the Harding Township library.

(e) In the event of the failure to pay the monies due pursuant to this Section 6.2, the Township shall provide Redeveloper with notice. If Redeveloper fails to make such payment within thirty (30) days of such notice, Township may bring an action or suits at law for money damages against the party responsible for such payment pursuant to this Section 6.2. In any suit brought pursuant to this Section 6.2, the prevailing party in any such action, shall be entitled to recover all costs and fees, including attorneys fees incurred in connection with bringing or defending such action.

6.3 Municipal Contribution. There shall be no municipal contributions for services pursuant to the Municipal Services Act, NJSA 40:67-23.2, et seq., as the Townhouse component of the Community will benefit from a tax exemption and the remainder of the Community is not a Qualified Private Community.

6.4 Assisting Living and Dementia Care. There shall be an average of no more than two beds per residential living unit within the Assisted Living and Dementia Care Home components of the Community.

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6.5 Age Restriction Reporting. The Declaration shall cause the Association's Townhouse Member to conduct surveying required pursuant to 42 U.S.C. 3607(b)(2)(c) with respect to the Age Restrictions and the limitation on persons 19 years of age or younger for the Townhouses. In addition, the Declaration shall cause the Association's Independent Living Unit Member to survey and monitor the limitation on persons 62 years of age or older in the Independent Living Units. The results of the surveys and reports generated as a result thereof shall be delivered annually to the Township Administrative Officer appointed pursuant to N.J.S.A. 40:55D-2.

6.6 Ambulance and Security Contracts. The Redeveloper, and the Association as its successor, shall submit to the Township for review and approval the contracts for security services and ambulance services, together with amendments thereto. The Township's review shall be limited to determining compliance with the requirements of this Agreement. There shall also be delivered to the Township copies of default notices or notices of termination pursuant to the above referenced contracts. The Township shall not unreasonably withhold, condition or delay approval of the contracts.

6.7 Title 39. Upon approval of the Site Plan for the Project, the Redeveloper shall make application to the Township Clerk for the applicability of Title 39 of the New Jersey statutes to the entire Project pursuant to N.J.S.A. 39:5A-1.

ARTICLE VII

COVENANTS AND RESTRICTIONS

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7.1 Declaration of Covenants and Restrictions. Prior to the first Certificate of Occupancy for the Project, the Redeveloper agrees to record declarations as to each of the subdivided parcels of the Property imposing upon said lands the agreements, and the covenants and restrictions as described within this Article VII (the "Article VII Declarations") in the Morris County Clerk's Office. The lien(s) of Redeveloper's construction and acquisition financing shall be subordinated to the Article VII Declarations.

7.2 Description of Covenants. The covenants to be imposed upon the Redeveloper, its successors and assigns, and recorded in the Deeds and the Article VII Declarations, shall set forth that the Redeveloper and its successors and assigns shall:

(a) Devote the Property to the uses specified in the Redevelopment Plan, as of the effective date of this Agreement and in this Redevelopment Agreement, including Section 4.13 of this Agreement, and shall not devote the Property to any other use(s).

(b) Not discriminate upon the basis of age, race, color, creed, religion, ancestry, national origin, sex or marital status in the sale, lease, rental, use or occupancy of the Property or any buildings or structures erected or to be erected thereon, or any part thereof and,

(c) In the sale, lease or occupancy of the Project, not effect or execute any covenant, agreement, lease, conveyance or other instrument whereby the Property or any building or structure erected or to be erected thereon is restricted upon the basis of age (except as provided for in the Redevelopment Plan), race, color, creed, religion, ancestry, national origin, sex or marital status, and the Redeveloper, its successors and assigns shall comply with all State and

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local laws prohibiting discrimination or segregation by reason of age, race, color, creed, religion, ancestry, national origin, sex or marital status.

(d) The construction details of Section 4.21 shall be incorporated in the Article VII Declarations.

(e) The Operational covenants of Redeveloper described in Article VI shall be incorporated in the Article VII Declarations, including permitting the Glen Alpin Cultural District to connect to the Septic Treatment Facility.

(f) The conveyance and easement dedication requirements of Sections 4.14 and 4.15 of this Agreement.

(g) The Declaration and the Article VII Declaration shall each include a provision concerning defaults by the Redeveloper prior to conveyance of Project Phases to Association Members, the Association and/or its Members in complying with the covenants.

i. With respect to violations of the Declaration and provisions of the Article VII Declaration addressing Sections 7.1 and 7.2 of this Agreement, the Declaration and the Article VII Declaration will provide that:

- a. the Township shall provide Redeveloper with notice of such violation.
- b. If Redeveloper fails to cure such violation within thirty (30) days of such notice, or such additional reasonable period as may be necessary to cure such violation, provided the Redeveloper is continuously and

diligently pursuing such a cure, the Township shall be entitled to take action in equity to remedy such violation.

c. the prevailing party in any such action shall be entitled to recover all costs and fees, including attorneys fees, incurred in connection with bringing or defending such action.

ii. With respect to violations of the Article VII Declaration addressing Sections 7.3, 7.4, and 7.5, the Article VII Declaration will provide for the Township to exercise those rights and remedies provided in Section 7.3(f) of this Agreement.

(h) Prior to the recording of the Declaration and/or the Article VII Declaration, the Township may enforce the above Sections 7.1 and 7.2 of this Agreement directly against the Redeveloper in accordance with the provisions of subparagraph 7.2(g) above.

7.3 Prohibition Against Transfers.

a. The Redeveloper further represents and agrees for itself, its successors and assigns, that except only as provided by this Section 7.3 and Sections 7.4 and 7.5, or by way of security for and only for the purpose of obtaining the financing necessary to enable the Redeveloper or any successor in interest to the Property or a Project Phase on a portion of the Property, or any part thereof, to perform its obligations with respect to completing the Project or Project Phase and any other purpose authorized by this Agreement, that the Redeveloper has not made or created, and that it will not, prior to the completion of the applicable Project Phase, make or create, or

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suffer to be made or created, any sale, conveyance or transfer in any other mode or form of the Property, or any building or structure thereon or any part thereof or any interest therein, without the prior approval of the Township, until a Certificate of Completion has been recorded.

b. Redeveloper may transfer the Property, or a portion of the Property corresponding to a particular Project Phase, without the consent of the Township, to an Urban Renewal entity or entities, pursuant to the Long Term Tax Exemption Law, that are wholly owned subsidiaries of Redeveloper, to a subsidiary or affiliate of Redeveloper pursuant to Section 7.4, or to a "Permitted Transferee" as defined below. Redeveloper may recapitalize or reform an Urban Renewal entity or entities. Redeveloper may also do any of the following without the consent of the Township: (i) sell or lease Townhouse units, (ii) lease Independent Living Units, (iii) lease Assisted Living Units and (iv) lease Units in the Dementia Care Home. A Permitted Transferee shall include any partnership, corporation, limited liability company or other legal entity which is an "Affiliate" of Redeveloper in which Redeveloper possesses a controlling interest, meaning the possession, directly or indirectly, of the power to direct or cause the direction of the redevelopment of the applicable Project Phase of such Affiliate, whether through the ownership of voting securities or by contract or otherwise.

c. Redeveloper may transfer the Septic Treatment Facility to partnership, corporation, limited liability company or other legal entity to which Redeveloper and/or any affiliate of Redeveloper possesses a minority interest and in which an operational partner with septic operational expertise shall direct the operation of the Septic Treatment Facility.

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d. Redeveloper may transfer the Property, or a portion of the Property corresponding to a particular Project Phase, with the consent of the Township, not to be unreasonably withheld or delayed, to a Preferred Transferee. A Preferred Transferee shall be a partnership, corporation, limited liability company or other legal entity unrelated to Redeveloper which has demonstrated to the reasonable satisfaction of the Township that:

- i. It has the financial capacity to undertake the development, construction and operation of the Property in question, including, without limitation, the capacity to obtain financing, to provide appropriate security (such as performance and completion guarantees) and to otherwise satisfy its obligations with respect to the development of the Property;
- ii. It is able to comply with and conform to all of the provisions of this Agreement as they relate to the development of the Property in the Redevelopment Area, or portion thereof as applicable, and expressly assumes all such obligations;
- iii. No petition under federal bankruptcy laws or any state insolvency law has been filed by or against, nor has a receiver, fiscal agent or similar officer been appointed by a court for the business or property of such entity, or any partnership in which such entity was or is a general partner or any entity in which such entity was or is an officer or principal manager and the holder, directly or indirectly of an ownership interest in excess of ten (10%) percent (and, in the case of an involuntary proceeding, such proceeding has not been terminated within sixty

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(60) days of its commencement) within the ten (10) full calendar years preceding the date of submission of such entity's application for consideration as a Qualified Entity;

- iv. Such entity and its principals, directors, officers, partners, shareholders, and members, individually, have not been convicted in a criminal proceeding, and none of them are a named subject in a pending criminal proceeding, (excluding traffic violations or other similar minor offenses), and, to the best of the knowledge and belief of the principals, directors, officers, partners, shareholders, and members of such entity, is not a target of or a potential witness in a criminal investigation;
- v. Such entity and its principals, directors, officers, partners, shareholders, and members, individually, have not been, directly or beneficially, a party to or beneficiary of any contract or agreement with the Township or Redeveloper which has been terminated due to a default by such individual, partnership or entity or which is currently the subject of a dispute in which the Township or Redeveloper alleges such default, nor is such individual, partnership or entity an adverse party in any currently pending litigation involving the Township or Redeveloper;
- vi. Such entity and its principals, directors, officers, partners, shareholders, and members, individually, have not been found in any civil or criminal action in or by a court or agency of competent jurisdiction to have violated any Federal or

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State law or regulation relating to the sale of securities or commodities or been enjoined from engaging in any trade or business for any reason other than the violation of a contractual non-competition provision;

vii. Such entity and its principals, directors, officers, partners, shareholders, and members, individually, have not violated any Township, State, or Federal ethics law and entering into the proposed transaction with Redeveloper and the Township will not cause any such violation or result in a conflict of interest

e. The Parties acknowledge and agree that the Redeveloper anticipates a joint venture with an institutional investor as a Permitted Transferee, which institutional investor is anticipated to own greater than 50% of the joint venture entity and hold up to fifty percent (50%) control of the joint venture entity, and that Redeveloper intends to convey the subdivided parcels of the Property pursuant to Section 7.4 to entities unrelated to Redeveloper.

f. The Article VII Declarations shall contain a restriction against transfers that are not permitted by this Section 7.3 or Sections 7.4 and 7.5, and in addition, shall provide that in the event of any attempted transfer in violation of Sections 7.3, 7.4, or 7.5, the Township shall provide Redeveloper with notice of such violation. If Redeveloper fails to cure such violation within thirty (30) days of such notice, or such additional reasonable period as may be necessary to cure such violation, provided the Redeveloper is continuously and diligently pursuing such a cure, the Township shall be entitled to the ex parte issuance of an injunction restraining such transfer, and the recovery of legal fees and related expenses of the Township in connection with

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any such legal action. Upon the recording of the Article VII Declarations in the Office of the Morris County Clerk, the provision affording such injunctive relief shall have the same force and effect as a Notice of Lis Pendens. The Township acknowledges that upon the issuance of a Certificate of Completion for a Project Phase, the restrictions on transfer shall be of no further force and effect with respect to that Project Phase and the Township shall record a discharge of same.

7.4 Subdivision. Redeveloper shall cause the Property to be subdivided as set forth on the Concept Plan so that the Townhouse Project Phase will be located on a separate lot, and the remainder of the Project may be located on a separate lot. Either lot may be conveyed to an entity that is a subsidiary or an Affiliate of Redeveloper, or as otherwise provided in this Article VII.

7.5 Ordinary Course of Business. The Redeveloper may in the ordinary course of business (i) sell or lease townhouse units, (ii) lease Independent Living Units, (iii) lease Assisted Living Units and (iv) lease Units in the Dementia Care Home.

7.6 Effect and Term of Covenants. It is intended and agreed, and the Declaration and Article VII Declarations shall so expressly provide, that the agreements and covenants set forth in Article VI and this Article VII shall be covenants running with the land and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Agreement, be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and enforceable by, the Township,

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its successors and assigns, and any successor in interest to the Property, or any part thereof, against the Redeveloper, its successors and assigns and every successor in interest therein, and any party in possession or occupancy of the Property or any part thereof. It is further intended and agreed that the agreements and covenants set forth in Section 7.2(a) shall remain in effect until the expiration of the Redevelopment Plan (at which time such agreements and covenants shall cease and terminate) and that the agreements and the covenants provided in Sections 7.2(b) (c) (d) (e) and (f) shall remain in effect without limitation as to time; provided that such agreements and covenants shall be binding on the Redeveloper itself, each successor in interest to the Project or Project Phase, the Property, or any part thereof, and each party in possession or occupancy, respectively, only for such period as Redeveloper or such successor or party shall have title to, or an interest in, or possession or occupancy of the Property, the buildings and structures thereon or any part thereof.

7.7 Enforcement by the Township. In amplification, and not in restriction of the provisions of Article VI and this Article VII, it is intended and agreed that the Township and its successors and assigns shall be deemed beneficiaries of the agreements and covenants set forth in Article VI and Section 7.2 both for and in their own right but also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants shall run in favor of the Township for the entire period during which such agreements and covenants shall be in force and effect, without regard to whether the Township has at any time been, remains, or is an owner of any land or interest

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therein to or in favor of which such agreements and covenants relate. The Township shall have the right, in the event of any breach of any such agreement or covenant, to terminate this Agreement in accordance with Sections 10.3 and 10.4.

7.8 Change in Management. Should the principal managers of Redeveloper die, become incapacitated or cease their association with Redeveloper, Redeveloper shall within sixty (60) days of such event, provide documentation reasonably satisfactory to the Township to support a replacement principal manager or reassignment of duties to demonstrate satisfactory continuity of operations of the Redeveloper. The principal managers are Peter H. Monaghan, Michael Nestico and John Petrozza.

7.9 Assignment and Assumption. In the event of a transfer or transfers pursuant to Sections 7.3 or 7.4, the Redeveloper and transferee shall enter into an assignment and assumption agreement in form reasonably satisfactory to the Township whereby the transferee agrees to be bound to this Agreement as if it were the Redeveloper for that portion of the Project to be constructed or owned by the transferee, and that this Agreement may be enforced by the Township against the transferee, in addition to the Redeveloper. In the event of a transfer, the Redeveloper shall not be released from its obligations under this Agreement with respect to obligations occurring prior to such transfer or with respect to any portion of this Agreement not assigned.

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ARTICLE VIII

RIGHT TO ACCESS AND INSPECTION

Upon reasonable notice to the Redeveloper, the Township and/or the duly authorized representatives or agents of either and/or both shall be permitted to access and inspect the Property at any time.

ARTICLE IX

MORTGAGE FINANCING AND RIGHTS OF MORTGAGEE

9.1. Notice to Township. Prior to the completion of a Project Phase, as certified by the Township, neither the Redeveloper nor any successor in interest to the Property or any part thereof shall engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Property, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Property, except for the purpose of obtaining funds in connection with the Project. The Redeveloper shall provide the Township with the name and contact information for Redeveloper's construction lender. The provisions of this Section 9.1 shall not be deemed to grant to the Township the right to approve or review the terms of any financing for the Project.

9.2. Completion of Project. Notwithstanding any of the provisions of this Agreement, including but not limited to those that are or are intended to be covenants running with the land, the holder of any mortgage authorized by this Agreement (including any such holder who obtains title to the Property or any part thereof as a result of foreclosure proceedings, or action in lieu

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thereof, but not including (a) any other party who thereafter obtains title to the Property or such part from or through such holder or (b) any purchaser at foreclosure sale other than the holder of the mortgage itself, shall in no way be obligated by the provisions of this Agreement to construct or complete the Project or Project Phase or to guarantee such construction or completion; nor shall any covenant or any other provision in the Declaration be construed to so obligate such holder. Except as otherwise provided in Section 9.4 herein, nothing in this Article or any other Article or provision of this Agreement shall be deemed or construed to permit or authorize any such holder to devote the Property or any part thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided or permitted under the Redevelopment Plan and this Agreement.

9.3. Notice to Mortgagee. Whenever the Township shall deliver any notice or demand to the Redeveloper with respect to a default by the Redeveloper, the Township shall at the same time forward a copy of such notice or demand to each holder of any mortgage authorized by this Agreement at the last known address of such holder shown in the records of the Township if and as provided by holder of the mortgage.

9.4. Mortgagee's Right to Cure Default and Assume Redeveloper's Obligations. After any default by Redeveloper hereunder, each holder shall (insofar as the rights of the Township are concerned) have the right, at its option, to cure or remedy the default of and to add the cost thereof to the mortgage, provided that, nothing contained in this Article or any other Article of this Agreement shall be deemed to permit or authorize such holder, either before or

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after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Project or applicable Project Phase (beyond the extent necessary to conserve or protect the holder's security, including the improvements or construction already begun) without first having expressly assumed the obligation to the Township, by written agreement satisfactory to the Township, to complete, in the manner provided in this Agreement, the Project or Project Phase on the Property or the part thereof that the lien or title of such holder relates. Any such holder who shall properly complete the Project or applicable Project Phase shall be entitled, upon written request made to the Township, to receive the Certificate of Completion as hereinabove set forth in Section 4.19 hereof.

9.5. Township's Option to Pay Mortgage Debt or Purchase the Property. In any case, where, subsequent to default by the Redeveloper (or any successor in interest) under the terms of this Agreement, the holder of any mortgage on the Property or part thereof: (a) has, but does not exercise, the option to construct or complete the Project relating to the Property or Project Phase, covered by its mortgage or that such holder has obtained title, and such failure continues for a period of one hundred twenty (120) days after the holder has been notified or informed of the default; or (b) undertakes construction or completion of the Project or applicable Project Phase but does not complete such construction within the period as agreed upon by the Township and such holder, which period shall be at least as long as the period prescribed for such construction or completion in the Agreement, and such default shall not have been cured within one hundred twenty (120) days after written demand by the Township so to do, the

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Township shall (and every mortgage instrument made prior to completion of the applicable Project Phase by the Redeveloper or successor in interest shall so provide) have the option of paying to the holder the amount of the mortgage debt and securing an assignment of the mortgage and the debt secured thereby, or, if ownership of the Property has vested in such holder by way of foreclosure or action in lieu thereof, the Township shall be entitled, at its option, to a conveyance to the Township of the Property upon payment to such holder of an amount equal to the sum of: (i) the mortgage debt at the time of foreclosure or action in lieu thereof (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings); (ii) all expenses with respect to the foreclosure; (iii) the net expense, if any (exclusive of general overhead), incurred by such holder in and as a direct result of the subsequent management of the Property; (iv) the costs of any improvements made by such holder; and (v) an amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage debt and such debt had continued in existence.

ARTICLE X

COMPLETION OR TERMINATION OF REDEVELOPMENT AGREEMENT

10.1 Completion of Agreement. This Redevelopment Agreement shall terminate, except those provisions that are specifically reserved to survive beyond the end of this Redevelopment Agreement, upon completion of all of the Redeveloper's obligations and acceptance of same by the Township pursuant to this Redevelopment Agreement and the

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Redevelopment Law including, but not limited to Sections 1.2, 4.2, 4.16, 7.1 and 7.2 and Article VI. Upon completion of the required improvements, the conditions determined to exist at the time the Property was determined to be in need of redevelopment shall be deemed to no longer exist, as a result of these determinations.

10.2 Remedies Cumulative. The remedies hereinafter set forth in this Article X for the benefit of the Redeveloper and the Township, together with the Township's remedies expressly set forth elsewhere in this Agreement, including, but not limited to, Section 4.6, 4.8, Article VI, Section 7.2 and Section 7.7, are not intended to be exclusive of any other remedy given hereunder and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. It is the express intention of the parties that the remedies available to the Township shall be equitable and not in the nature of damages except as expressly set forth herein.

10.3 Right of Termination by Township. In the event that the Township believes that the Redeveloper is not pursuing the redevelopment of the Property in good faith in accordance with the Development Schedule, subject to Force Majeure, the Township may elect to provide Notice to the Redeveloper. With respect to Redeveloper's acquisition of the Property, if the seller of the Property fails to close title, Redeveloper shall be considered proceeding in good faith if it has commenced a specific performance suit within thirty (30) days of the date set for

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closing, and diligently and continuously prosecutes the litigation. Redeveloper shall keep the Township fully informed as to the status of the litigation and provide copies of all pleadings and orders. Within thirty (30) calendar days of receiving said Notice, the Redeveloper shall provide documentation to the Township, which supports and substantiates the Redeveloper's good faith efforts. Upon receipt and review, if the Township is satisfied, it shall withdraw its Notice. If the Township is not satisfied, it shall provide a Second Notice with specificity. The Redeveloper shall have a ninety (90) calendar day period after receipt by the Redeveloper of the Second Notice to substantially cure the issues raised by the Township as related to the alleged non-performance provided however, if alleged non-performance is the failure to complete the Project or Project Phase in accordance with the Development Schedule, subject to Force Majeure, the Redeveloper shall have a reasonable additional period to complete construction, provided it is continuously and diligently pursuing completion. If the Redeveloper does not substantially cure within the said ninety (90) day calendar period (or such additional period to complete the Project or Project Phase as aforesaid), the Township may terminate this Agreement without penalty and without either party having any further obligation to the other except: (i) the refunding by the Township to the Redeveloper of any unused escrow monies pursuant to Section 4.1; (ii) if site work has commenced and Redeveloper fails to stabilize the soil, the Township may complete soil restoration utilizing the performance guarantees posted with the Township pursuant to N.J.S.A. 40:55D-53; (iii) if construction of the Septic Treatment Facility or other public improvement, if any, has commenced and Redeveloper fails to complete the Septic Treatment

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Facility or other public improvement, the Township may complete the Septic Treatment Facility or other public improvement utilizing the performance guarantees posted with the Township pursuant to N.J.S.A. 40:55D-53; and (iv) payment of any Township costs pursuant to Section 4.3 not covered by the Professional Fee Deposit Account or the Fee (in which event Section 6.2(e) shall apply to collection).

10.4 Remedies of Township upon Event of Default.

Whenever any default by the Redeveloper shall have occurred and be continuing beyond any applicable cure period, the Township may terminate this Redevelopment Agreement. In the event that the Township terminates the Redevelopment Agreement as the result of a default, the Redeveloper shall immediately vacate and turn over possession of any property owned or controlled by the Township to the Township. The Parties agree that termination of this Redevelopment Agreement shall be the Township's sole remedy with regard to all defaults by the Redeveloper, except as set forth in elsewhere in this Agreement. It is the express intention of the parties that the Township shall not be entitled to specific performance of the obligation to obtain Government Approvals or construct the Project pursuant to this Agreement.

10.5 Rights of Termination by Redeveloper.

Notwithstanding the foregoing, if (i) any of Redeveloper's applications for Government Approvals are denied, or (ii) any requirement or condition which is an Unacceptable Condition is imposed in connection with the grant of a Government Approval or (iii) anyone contests or challenges the grant of a Government Approval, or (iv) the party or parties who are to issue one

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or more of the Government Approvals indicate to Redeveloper (formally or informally), or Redeveloper makes a good faith determination, that such Government Approvals will not be issued; or (v) the Redeveloper is unable to obtain the Government Approvals in the time provided in the Development Schedule; or (vi) the Redeveloper determines that construction of the Project is economically infeasible due to excessive cost, unavailability of financing and/or change in market demand, then Redeveloper shall have the right, but not the obligation to (a) appeal or defend against such action, or institute or engage in litigation or other proceedings in connection with the Government Approvals (an “**Appellate Proceeding**”); or (b) terminate this Agreement by written notice given to the Township at any time after Redeveloper (i) receives written notice of the action which Redeveloper elects not to appeal, contest, defend or litigate, (ii) reasonably determines that such Government Approvals will not be issued, or (iii) reasonably determines that the Project is economically infeasible due to excessive cost, unavailability of financing and/or change in market demand without penalty and without either party having any further obligation except the Township’s refund to the Redeveloper of any unused escrow monies pursuant to Section 4.2.

If Redeveloper elects to pursue an Appellate Proceeding in connection with the Government Approvals, then Redeveloper shall do so at its sole cost and expense. Redeveloper shall have no obligation to pursue, or continue to prosecute, any Appellate Proceeding in connection with any Government Approval, and the determination whether or not to do so shall be within Redeveloper’s sole and nonreviewable discretion.

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10.6 Remedies of the Redeveloper upon Event of Default. Whenever any default of the Township shall have occurred and be continuing, the Redeveloper may terminate this Redevelopment Agreement or take whatever action at law or in equity as may appear necessary or desirable to enforce the performance or observance of any rights, remedies, obligations, agreements, or covenants of the Township under this Redevelopment Agreement. In the event that the Redeveloper terminates the Redevelopment Agreement as the result of a default, the Township shall refund to the Redeveloper any unused monies in the Professional Fee Deposit pursuant to Section 4.1.

10.7 No Waiver Due to Failure or Delay. Except as otherwise expressly provided for in this Redevelopment Agreement, any failure or delay by either party in asserting any of its rights or remedies as to default shall not operate as a waiver of any such rights or remedies or deprive either party of its right to institute and maintain any actions or proceedings that it may deem necessary to protect, assert or enforce any such rights or remedies.

10.8 Force Majeure Event. A 'Force Majeure Event' is one that occurs beyond reasonable control and not due to the fault of or the negligence of the party seeking to excuse delay or failure of performance of an obligation hereunder by reason thereof, including, but not limited to, declarations of public emergency, acts of God, such as earthquakes (or other severe and unusual events or natural occurrences such as hurricanes, tornadoes and floods not reasonably foreseeable at the time of the occurrence); acts or omissions of other parties (including litigation by third parties); acts of the public enemy; acts of war; fire; epidemics;

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quarantine restrictions; blackouts; power failures or energy shortages; governmental embargoes; geo-political issues; strikes, walkouts, work stoppages, or similar labor action by equipment or material suppliers or transporters or delays of contractors due to any of the foregoing such causes; or the unavailability of necessary building materials (provided that the Redeveloper has no commercially reasonable alternatives to avoid the impact thereof on the progress of the Project Phase); or any actions or inactions by any Federal, State, county or local governmental or quasi-governmental authority with respect to the Government Approvals or the development of the Project Phase affecting the rights or obligations of the Redeveloper or the Township hereunder; court orders, laws, rules, regulations or orders of governmental or public agencies, bodies or authorities or (i) an economic downturn as evidenced either by two (2) successive quarters of reduced GDP or (ii) an increase in interest rates or a decrease in permitted leverage for construction financing by conventional lenders that would make the Project economically infeasible ("Economic Force Majeure Event") or any other similar cause not within the control of the Redeveloper.

During any Force Majeure Event that affects only one Project Phase, the Redeveloper shall, to the maximum extent feasible in Redeveloper's sole discretion, continue to perform its obligations for the Project Phases that are unaffected by the Force Majeure Event. The existence of a Force Majeure Event shall not prevent the Township from issuing a Notice of Default or from the occurrence of a default by the Redeveloper if the event that is the basis of the default is not a result of the Force Majeure Event.

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10.9 Extension of Time Due to Force Majeure Event. For the purposes of this Redevelopment Agreement, neither the Township nor the Redeveloper shall be considered in breach or in default with respect to its obligations hereunder because of a delay in performance arising from a Force Majeure Event. It is the purpose and intent of this provision that, in the event of the occurrence of any such delay, the time or times for performance of the obligations of the Township or the Redeveloper shall be extended for the period of the delay; provided, however, that such delay is actually caused by or results from the Force Majeure Event. The time for completion of any specified obligation hereunder shall be tolled for a period of time up to but not exceeding the period of delay resulting from the occurrence of a Force Majeure Event, provided however, with respect to an Economic Force Majeure Event, the tolling period shall not exceed seven (7) years to invoke the tolling provisions hereunder, the party invoking the provisions hereof must give written notice to the other party of the occurrence of a Force Majeure Event as soon as practicable but in no event more than sixty (60) calendar days after the occurrence thereof. The Parties agree that a Force Majeure Event has arisen as result of the COVID-19 outbreak and Governor Murphy's Executive Order 107 and that all time periods herein are therefore tolled. Such time periods may be extended for additional periods of time in the event that processes associated with Development Approvals require additional time following the COVID-19 outbreak. The Parties are not yet able to determine when the Force Majeure Event will be concluded.

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ARTICLE XI

NOTICES

Formal notices, demands and/or communications between the Township and the Redeveloper and from the Redeveloper to the Township or from the Township to the Redeveloper (as required herein) shall be deemed sufficiently served if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed delivered upon receipt. Formal notices may also be sent by a commercial overnight delivery service with package tracking capability and proof of delivery is available. In this case such notice is deemed to be effective upon delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by written notice. Informal communications may be carried out by regular mail.

Copies of all notices, demands and communications shall be sent as follows:

(a) **In case of the Township:**

Township of Harding
21 Blue Mill Road, New Vernon
Morris, New Jersey 07976
Attn: Robert Falzarano

With a Copy to:

(if by mail)
John H. Hague, Esq.
Greenbaum Rowe Smith Davis, LLP

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Metro Corporate Campus One
P.O. Box 5600
Woodbridge, New Jersey 07095

(if by delivery)
John H. Hague, Esq.
Greenbaum Rowe Smith Davis, LLP
99 Wood Avenue South
Iselin, New Jersey 0795-0988

(b) **In the case of the Redeveloper:**

Hurstmont Estate Acquisition LLC
14 Doty Road, Unit B
Haskell, NJ 07420
Attn: Peter H. Monaghan

With a Copy to:
Thomas Malman, Esq.
Day Pitney LP
One Jefferson Road
Parsippany, NJ 07054

ARTICLE XII

MISCELLANEOUS

12.1 Entire Agreement. This Redevelopment Agreement constitutes the entire Redevelopment Agreement of the parties and supersedes, except as otherwise indicated herein, the prior or contemporaneous writings, discussions, or agreements between the parties with respect to the subject matter hereof.

12.2 Estoppel Certificates. Within thirty (30) calendar days following written request thereof by a party hereto, or of any holder, purchaser, tenant or other party having an interest in
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the Property (or portion thereof), the other party shall issue a signed estoppel certificate either stating that this Redevelopment Agreement is in full force and effect and that there is no known default or breach under this Redevelopment Agreement (nor any event which, with the passage of time and the giving of notice would result in a default or breach under this Redevelopment Agreement), or stating the nature of the default or breach and/or event, if any. In the event the estoppel certificate discloses such a default, breach or event, it shall also state the manner that such default, breach, and/or event may be cured, or is curable. No more than two (2) estoppel certificates may be requested per calendar year. This provision shall not be effective until construction has commenced on the Project. A party may request additional estoppel certificate(s) in the event a specific concern arises, which request shall not be unreasonably denied.

12.3 Titles of Articles, Sections and Paragraphs. The titles of the several Articles, Sections and Paragraphs of this Redevelopment Agreement are inserted for the convenience of reference only and shall be disregarded in construing and interpreting any of its provisions.

12.4 Severability. If any term or provision of this Redevelopment Agreement or the application thereof shall, to any extent, be held to be invalid or unenforceable, the remainder of this Redevelopment Agreement, or the application of such term or provision to the circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each other term and provision of this Redevelopment Agreement shall be valid and shall be enforced to the extent permitted by law.

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12.5 Drafting Ambiguities. In interpreting any provision of this Redevelopment Agreement, no weight shall be given to, nor shall any construction or interpretation be influenced by, the fact that counsel for one of the parties drafted this Redevelopment Agreement, each party acknowledging that it and its counsel have had an opportunity to review this Redevelopment Agreement and have contributed to the final form of same. In the event a dispute arises regarding the interpretation of this Agreement or its provisions, either party may seek a declaratory judgment for interpretation of the disputed provision. The prevailing party in any such action shall be entitled to recover all costs and fees, including attorneys fees incurred in connection with bringing or defending such action.

12.6 Amendments and Waivers in Writing. All amendments and/or waivers of the provisions of this Redevelopment Agreement must be in writing and signed by the appropriate authorities of the Township and the Redeveloper, respectively. The waiver of either party of a default or a breach of any provision of this Redevelopment Agreement by the other party shall not operate or be construed to operate as a waiver of any subsequent default or breach.

12.7 Conflict of Interest. No member, official or employee of the Township shall have any direct or indirect interest in this Redevelopment Agreement, such interest being prohibited by law.

12.8 Governing Law. This Redevelopment Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey and all Applicable Laws, and the venue of any litigation arising from this Redevelopment Agreement and/or the Project shall

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be in the County of Morris, State of New Jersey.

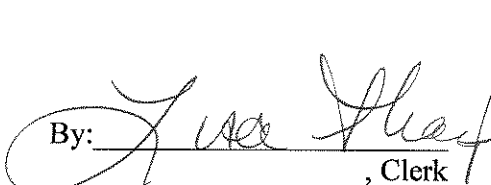
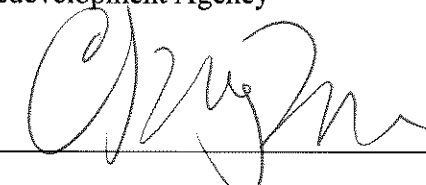
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IN WITNESS WHEREOF, the Township has caused this Agreement to be duly executed in its name and as designated redevelopment entity agent of the Township of Harding, and its seal to be hereunto duly affixed and attested, and the Redeveloper has caused this Agreement to be duly executed in its name and behalf by its members, on or as of the day first above written and its seal to be hereunto duly affixed and attested by its Secretary.

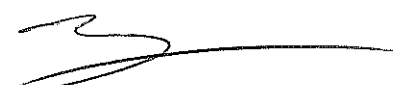
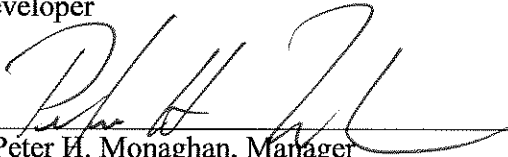
ATTEST:

TOWNSHIP of HARDING,
as Redevelopment Agency

By: , Clerk By: , Secretary
Mayor

WITNESS:

HURSTMONT ESTATE ACQUISITION LLC,
Redeveloper

By:  By: 
Peter H. Monaghan, Manager

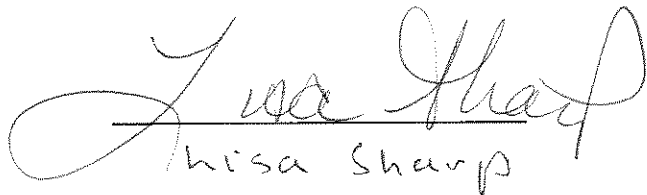
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STATE OF NEW JERSEY)
) SS:
COUNTY OF MORRIS)

BE IT REMEMBERED, that on May 14, 2020, before me, the subscriber, a Notary Public of the State of New Jersey, personally appeared Lisa Sharp who, being by me duly sworn on his oath, deposes and makes proof to my satisfaction, that he/she is the Secretary of the TOWNSHIP OF HARDING, a body corporate and politic, and the body corporate and politic named in the within instrument; that deponent well knows the seal of the body corporate and politic; and that the seal affixed to said instrument is the proper corporate seal and was thereto affixed and said instrument signed and delivered by Christopher Yates as and for the voluntary act and deed of said body corporate and politic, in presence, who thereupon subscribed his name thereto as attesting witness.


Lisa Sharp

Sworn and subscribed to
before me this 14th day of
May, 2020.


Notary Public

John H. Hague, Esq.
An Attorney at Law of the
State of New Jersey

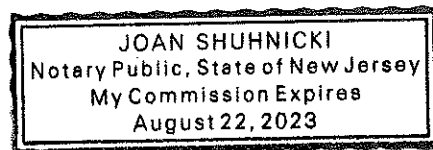
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STATE OF NEW JERSEY)
) SS:
COUNTY OF PASSAIC)

BE IT REMEMBERED, that on MAY 8, 2020, PETER MONAGHAN appeared before me, the subscriber, a Notary Public of the State of New Jersey, this person acknowledged before me, under oath, and to my satisfaction, that he/she is the OWNER of HURSTMONT ESTATE ACQUISITION LLC, a limited liability company established and operated under the Laws of the State of New Jersey, the entity named in the within Instrument and that he/she signed, sealed and delivered the attached document as and for his/her act and deed and as the authorized act and deed of the limited liability Corp..

Sworn and subscribed to
before me this 8TH day of
MAY, 2020.

Joan Shuhnicki



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REDEVELOPMENT AGREEMENT

EXHIBIT A

DEVELOPMENT SCHEDULE

Task	Date for Completion
Subdivision/Site Plan Application Submission	Three months from execution of Financial Agreements pursuant to Section 5.2
Obtain All Government Approvals	Eighteen months from Subdivision/Site Plan Application Submission
Commencement of Site Work, including installation of driveways, Septic Treatment Facility, and infrastructure	Three Months from Obtaining All Government Approvals, Weather Permitting
Commence Construction of Townhome and/or Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Six Months from Commencement of Site Work, Weather Permitting and Provided No Unexpected Site Conditions Are Encountered
Certificate of Occupancy and Certificate of Completion for Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Two Years from Commencement of Construction of Assisted Living Residences, Dementia Care Home Units, and Independence Living Units

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REDEVELOPMENT AGREEMENT

EXHIBIT B

CONCEPT PLAN

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REDEVELOPMENT AGREEMENT

EXHIBIT C

RETAINING WALL MATERIAL

Materials Standards for Rear Retaining Wall Behind AL/IL Building and Townhouses:

Cambridge sigma manufactured stone in either onyx/natural or sahara/chestnut, or an equivalent product offered by another manufacturer shall be utilized for the rear retaining wall system running along the westerly boundary of the Property.

Material Standards for Other Retaining Walls:

Retaining walls other than the rear retaining wall system behind the AL/IL building and townhouses will be surfaced with native natural stone (such as, but not limited to granite) with a mix of stones with use of light browns and grays (no purple, black, white, pink or green). Stone shall be of local origin, or if sourced from outside of the local area, the stone shall be of the same kind and character as local stone. A full mock-up of the retaining wall surface shall be constructed for approval by the Redevelopment Entity prior to commencement of construction.

Materials Standards For All Other Structures:

- All buildings shall be designed with materials that reflect the historical and rural character of the community. Appropriate materials include:
 - Brick
 - Wood
 - Cast architectural concrete
 - Azek Trim
 - Simulated fiberglass roofing
 - Clapboard siding, including but not limited to cement or polymer based products like Hardieboard, Azek or their equivalents
 - Field stone/granite/other native stone
- Pudding stone, EIFS, and stucco shall not be utilized anywhere on site.
- Imitative veneers, such as vinyl siding or Garden State Brickface, shall not be used anywhere on site.
- No manufactured products such as cultured stone can be used as a veneer on any building.

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REDEVELOPMENT AGREEMENT

EXHIBIT D

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

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AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

THIS FINANCIAL AGREEMENT, (“**Agreement**”) is made this 11th day of May, 2020, by and between Hurstmont Estate Urban Renewal Entity, LLC (“**Redeveloper**”), an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.*, (the “**LTTE**”) having its principal office located at 14 Doty Road, Unit B, Haskel, New Jersey 07420, and the **TOWNSHIP OF HARDING**, a public body corporate and politic of the State of New Jersey, having its principal office located at 21 Blue Mill Road, New Vernon, New Jersey 07976 (the “**Township**”, together with **Redeveloper**, the “**Parties**”).

RECITALS

WHEREAS, the Township Committee of the Township of Harding has adopted by Ordinance Number 13-2019 enacted June 24, 2019 and Ordinance Number 16-2019 enacted September 30, 2019, a certain Glen Alpin/Hurstmont Redevelopment Plan (the “**Redevelopment Plan**”); and

WHEREAS, the Redevelopment Plan was adopted with respect to certain lands designated as Lot 2, Block 27, and Lot 1, Block 34 as shown on the Tax Assessment Map of the Township of Harding (the “**Area in Need of Redevelopment**”); and

WHEREAS, this Financial Agreement concerns the northerly portion of Lot 2, Block 27 depicted as Proposed Lot 1 on **Exhibit A** attached hereto and made a part hereof (the “**Property**”); and

WHEREAS, on May 11, 2020, the Township and the Redeveloper entered into a Redevelopment Agreement (the “**Redevelopment Agreement**”) for the redevelopment of the Property; and

WHEREAS, the Property is to be redeveloped with approximately 125 Apartment Style Independent Living Units and no more than 85 units designated as “Assisting Living

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

Residences” and/or units located within the Dementia Care Home all as defined in the Redevelopment Plan; and

WHEREAS, The Project may be developed in two or more phases (each a “**Project Phase**”); and

WHEREAS, there will be developed a combination of 40 Affordable Housing Units within the Independent Living Units, Assisted Living Units and Dementia Care Home; and

WHEREAS, the Septic Treatment Facility described in Section 4.16 of the Redevelopment Agreement will be designed to and will accommodate the septic demand of the redeveloped historic Glen Alpin property located on Lot 1, Block 34; and

WHEREAS, the redevelopment of the Property requires extraordinary costs related to excavation, removal of fill, retaining walls, the Septic Treatment Facility, the set aside at no cost to the Township of approximately 2.5 acres for open space, the construction of a section of the regional Patriot’s Path walking trail, off-site traffic improvements, exterior building façade finishes and restoration of historic ornamental garden features; and

WHEEAS, this Agreement will assist Redeveloper in meeting the extraordinary costs associated with the Project as recognized in N.J.S.A. 40A:20-3.h., to facilitate redevelopment of the Property; and

WHEREAS, terms not otherwise defined in these recitals shall have the meaning ascribed to them in Section 1.2 of this Agreement; and

WHEREAS, Section 5.2 of the Redevelopment Agreement provides that the Township would, subject to certain conditions set forth therein, negotiate and enter into an agreement for a tax exemption and payments in lieu of taxes, pursuant to the LTTE with the Redeveloper; and

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

WHEREAS, pursuant to Section 8 of the LTTE, on March 12, 2020, Redeveloper filed an application for tax exemption for the Property (the “**Application**”), a copy of which is attached hereto as **Exhibit B**; and

WHEREAS, the Township has determined that the Project will result in significant benefits to the Township, including:

- (i) the provision for affordable housing to be located within the Township;
- (ii) the development of a mix of senior related housing and health care opportunities within the Township;
- (iii) the expansion of the Patriot’s Path walking trail;
- (iv) the provision for additional preservation of open space;
- (v) accommodating the septic demand of the redeveloped historic Glen Alpin property;
- (vi) the creation of jobs during construction; and
- (vii) new business that will contribute to the economic growth of the Township, and the Project can result in significant benefits to the Township which are far greater to the Township than the cost, if any, associated with the grant of a tax exemption for the Property; and

WHEREAS, this Agreement will assist Redeveloper to facilitate the marketing of the senior housing with the intention to affect a stabilization of the Project; and

WHEREAS, on May 11, 2020, the Township adopted Ordinance No. 06-2020 (the “**Ordinance**”) approving this Financial Agreement, a copy of which is attached hereto as **Exhibit C**.

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

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

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the LTTE and the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the “**LRHL**”), and any other applicable state, federal or local laws, rules, regulations, statutes and ordinances applicable to the Project (“**Applicable Law**”). This Agreement shall also be governed by the Ordinance, pursuant to which the Township approved the Annual Service Charge and authorized the execution of this Agreement.

Section 1.2 General Definitions

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

Affordable Unit – shall mean any residential Unit other than a Unit offered for market rents or charges, including but not limited to a residential Unit that is subject to restrictions on sale price, rental price, or purchaser income.

Allowable Net Profit (or “ANP”) – The Net Profit of Redeveloper that does not exceed the Allowable Profit Rate, pursuant to the provisions of *N.J.S.A. 40A:20-3.c.*

Allowable Profit Rate (or “APR”) – The Allowable Profit Rate for the purpose of this Agreement is the greater of 12% or 1.25% over permanent financing for the Project in accordance with *N.J.S.A. 40A:20-3.b.*

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

Annual Service Charge – The annual amount Redeveloper has agreed to pay the Township in lieu of full taxation on the Improvements on the Project pursuant to *N.J.S.A.* 40A:20-12 and as further set forth in Section 4.1.

ASC Start Date – as defined in Section 4.1.

Auditor's Report – A complete financial statement outlining the financial status of the Project (for the relevant period of time), the contents of which have been prepared in a manner consistent with the current standards of the Financial Accounting Standards Board, and which fully details all items as required by all state statutes, which has been certified as to its conformance with such standards by a certified public accountant who is, or whose firm is, licensed to practice that profession in the State of New Jersey.

Certificate of Occupancy – A document issued by the Township authorizing the permanent occupancy of a building, pursuant to *N.J.S.A.* 52:27D-133, and any other Applicable Law.

Certificate of Completion – A determination by the Township made with respect to the entire Project or Project Phase thereof that the construction activities entailed are completed in all material respects and that the entire Project is ready for its intended use. The date for issuance of the Certificate of Completion shall ordinarily mean the date upon which the phase of the Project receives, or is eligible to receive, its last permanent Certificate of Occupancy.

Effective Date – The date upon which the last party executes this Agreement.

Gross Revenue – Any and all revenue derived by Redeveloper in connection with the Project as defined by *N.J.S.A.* 40A:20-3.a., including revenue from wireless antennas.

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

Improvements – Any building, structure or fixture permanently affixed to the Land or any structure or fixture affixed to the Property and to be constructed as part of the Project.

In Rem Tax Foreclosure or Tax Foreclosure – A summary proceeding by which the Township may enforce a lien for real estate taxes due and owing by tax sale, under *N.J.S.A. 54:5-1 et seq.* and/or any other Applicable Law.

Land Taxes – The amount of taxes (including municipal, county and school) assessed on the value of land on which the Improvements are located.

Land Tax Payments – Payments made on the quarterly due dates for Land Taxes as determined by the Township Tax Assessor and the Township Tax Collector.

Market Unit – shall mean any Unit for which (i) no restrictions or limitations are imposed on the sales or rental prices, and (ii) no payments of any kind are required in lieu of restrictions or limitations on the sales or rental prices.

Net Profit – The Gross Revenue of Redeveloper, less all operating and non-operating expenses of Redeveloper for the Project, all determined in accordance with generally accepted accounting principles and the provisions of *N.J.S.A. 40A:20-3.c.*

Owner – Each and every owner, whether in fee simple or otherwise, of any portion of the Property or any Improvement related thereto, regardless of whether such owner shall be Redeveloper, a subsequent urban renewal entity, as the same is defined in the LTTE and pursuant to the terms set forth herein, or any other company, entity or person.

Redeveloper – Hurstmont Estate Urban Renewal Entity, LLC, a New Jersey limited liability company established and operated pursuant to the laws of the State of New Jersey, or any successor in interest of the Project in whole or in part, provided such successor(s) in interest is

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

formed and is operated under Applicable Law and the form utilized is qualified by the State of New Jersey Department of Community Affairs to be an urban renewal entity and the transfer has been duly approved by the Township pursuant to the Redevelopment Agreement.

Substantial Completion - shall mean as to the entire Project that it has been constructed in accordance with the Redevelopment Agreement and as to each Project Phase that it has received either a Certificate of Occupancy or is eligible to receive a Certificate of Occupancy.

Term – is defined in Section 3.1.

Termination – the expiration of the term of this Agreement in accordance with Section 3.1 or Section 11.1 hereof which by operation of the terms of this Financial Agreement shall cause the relinquishment of the tax exemption applicable to any Improvement, including any Unit.

ARTICLE II – APPROVAL

Section 2.1 Approval of Tax Exemption

The Township hereby grants its approval for this Financial Agreement and the Long-Term Tax Exemption for the Improvements to be constructed upon the Property and Land Taxes, in accordance with the terms and conditions of this Financial Agreement and the provisions of the LTTE.

Section 2.2 Approval of Redeveloper

Approval is hereby granted to Redeveloper, a copy of whose Certificate of Formation is attached and annexed hereto as **Exhibit D**. Redeveloper represents that its Certificate of Formation contains all the requisite provisions of Applicable Law, has been reviewed and approved by the Commissioner of the State of New Jersey Department of Community Affairs

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

and has been filed with, as appropriate, the State of New Jersey Department of Treasury, all in accordance with *N.J.S.A.* 40A:20-5.

Section 2.3 Improvements to be Constructed; Redevelopment Agreement

Redeveloper represents that it will construct and complete the Project in accordance with the terms and conditions of the Redevelopment Agreement and shall comply with the provisions of all Applicable Law.

Section 2.4 Ownership, Management and Control

Redeveloper represents that it is or prior to the commencement of construction, will become the owner of the Property upon which the Project will be constructed.

Section 2.5 Financial Plan.

The Improvements shall be financed in accordance with the financial plan, as more specifically described in the Application. The plan sets forth the estimated Total Project Cost, the source of funds and the source and amount of paid-in capital.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term.

So long as there is compliance with the LTTE and this Agreement, this Agreement shall remain in effect for thirty (30) years from the date of the Certificate of Completion for each phase of the Property, (but in no event later than 35 years after the date of this Agreement pursuant to *N.J.S.A.* 40A:20-13) subject to the further limitations and agreements contained herein, and shall only be effective and in force during the period while the Improvements are owned by an urban renewal entity formed pursuant to *N.J.S.A.* 40A:20-5 and Title 15A of the New Jersey Statutes, or (the “**Term**”). After the expiration of the Term or termination by Redeveloper pursuant to *N.J.S.A.* 40A:20-13: (i) the exemption for the Improvements shall

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

expire and the Property and the Improvements shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Township, and (ii) all restrictions and limitations upon Redeveloper shall terminate. In the event of a termination by Redeveloper, such termination shall be subject to Redeveloper rendering, and the Township's acceptance of Redeveloper's final accounting.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the aforesaid exemption from taxation on Improvements, Redeveloper shall make payment to the Township of the Annual Service Charge set forth in this Article IV commencing on the ASC Start Date, which shall be the first day of the month following issuance of a Certificate of Occupancy for a Project Phase. From the time of the execution of this Agreement until the ASC Start Date, the Municipality agrees that no assessment shall be made upon any improvements constructed in connection with the Project, whether by added/omitted assessment, revaluation, interim assessment or any other manner permitted by law.

(a) A separate Annual Service Charge for the Project shall commence on the ASC Start Date and be calculated from the first day of the calendar quarter following the issuance by the Township of a Certificate of Occupancy for each Project Phase.

(b) The Annual Service Charge shall be calculated using an annual formula, which provides that the Annual Service Charge in a given year shall be an amount equal to the percentage of Gross Rents specified in Table 4.1(b) below as "Gross Rent Percentage", but in no event less than an amount equal to the corresponding percentage of ad valorem taxes otherwise due on the Project improvements specified in Table 4.1(b) below as "Tax Percentage."

Table 4.1(b).

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Year	Gross Rent Percentage	Tax Percentage
1-5	10%	0%
6-15	12%	80%
16-30	13%	90%

(c) From the Annual Service Charge paid by the Owner, the Township shall annually remit five percent (5%) of the payment received to the County of Morris in accordance with the provisions of *N.J.S.A. 40A:20-12*.

Section 4.2 Staging Schedule for Annual Service Charge

The Annual Service Charge shall be scheduled over the term of the Agreement in accordance with *N.J.S.A. 40:20-12(b)* as follows:

Stage One (*Years 1 - 15*): From the ASC Start Date and for each of the 6 years thereafter, the Annual Service Charge shall be the amount determined pursuant to Section 4.1 above.

Stage Two (*Years 16-21*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 20% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

Stage Three (*Years 22-27*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 40% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

Stage Four (*Years 28-29*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 60% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

Stage Five (*Year 30*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 80% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

Exhibit F attached hereto depicts the applicable Gross Rent Percentage, Tax Percentage, and percent of taxes otherwise due on the value of Land and Improvements in the absence of this Agreement ("Stage Full Tax Percentage") for each year of the exemption.

Redeveloper shall have the right to appeal the real property tax assessment in any and every year.

Section 4.3 Quarterly Installments

Redeveloper expressly agrees that the Annual Service Charge shall be paid in quarterly installments on those dates when ad valorem real estate tax payments are due; subject, nevertheless, to an adjustment for over or underpayment within thirty (30) days after the close of each calendar year.

Section 4.4 Land Taxes and Land Tax Credit

Because the land of the Property (the "Land") is not permitted to be exempt from taxes pursuant to N.J.S.A. 40A:20-12, the Redeveloper is required to pay both the Annual Service Charge and the Land Taxes. The Entity and the Township agree that the assessed value of the Land until the next municipal wide re-valuation will never be more or less than the assessed value of the Land for the 2020 tax year (based upon the percentage of the square footage of Block 27, Lot 2 allocable to the Property, which is approximately 40%). Land Taxes shall be separately assessed for the Land, and shall be assessed only on the Land.

The Redeveloper shall be entitled to an annual credit against the Annual Service Charge for the amount, without interest, of the real estate taxes on the Land paid in the last the four (4)

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

preceding quarterly installments prior to commencement of the Annual Service Charge, which credit shall be adjusted by acreage in the event of a subdivision. The credit shall be applied on a quarterly basis.

Section 4.5 Material Conditions

It is expressly agreed and understood that the timely payments of the Annual Service Charges, including adjustments thereto, and any interest thereon, and the Tax Exemption granted herein are material conditions ("Material Conditions") of this Agreement.

Section 4.6 Other Municipal Services

Nothing herein shall exempt Redeveloper from the payment for any municipal services ordinarily assessed to tax payers outside of and in addition to ad valorem taxes rendered to the Property. Redeveloper shall timely pay for municipal services rendered to the Property, and the Township shall retain the right to pursue all remedies to collect such payments, including the right to institute collection through a tax lien sale pursuant to *N.J.S.A. 54:5-1 et seq.*

Section 4.7 Gross Rent

For purposes of calculating Gross Revenue, the parties agree that the “**Gross Rent**” for the Project shall be the amounts set forth in **Exhibit E** in a single Project Phase or Project Phases. Gross Rent shall be the rent paid to the Redeveloper by the operators of the Project pursuant to one or more master leases of the Project or Project Phases. The Parties agree that each Project Phase may be subject to its own lease. For the avoidance of doubt, so long as there is a Master Lease, Gross Rent does not include any fees, inclusive or rent or occupancy fees, collected from residents of the Independent Living Units, Assisted Living Residence, and/or Dementia Care Home. In the event there are no master leases for all or a portion of the Project, then Gross Revenue shall be the actual revenue collected for all activities attributable

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

to the phase of the Project without a master lease, but in no event less than amounts set forth in **Exhibit E.**

ARTICLE V – CERTIFICATE OF OCCUPANCY

Section 5.1 Certificate of Occupancy

It shall be the obligation of Redeveloper to make application for and make all commercially reasonable efforts to obtain all Certificates of Occupancy in a timely manner. It shall be the primary responsibility of Redeveloper to forthwith file with the Tax Assessor, the Tax Collector and the Township Manager, a copy of any Certificate of Occupancy.

In the event that Redeveloper fails to secure Certificates of Occupancy in a timely manner after Substantial Completion of the Project or a Project Phase, as determined by the Township in its sole discretion and Redeveloper has not obtained the Certificates of Occupancy within sixty (60) days after the Township has provided notice to Redeveloper of the Project Phases Substantial Completion, the Project shall be subject to full taxation (ordinary applicable taxes) for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained, unless Redeveloper's application for a Certificate of Occupancy is pending or the delay in issuance of the Certificate of Occupancy is a result of Force Majeure events as set forth in the Redevelopment Agreement.

ARTICLE VI - ANNUAL REPORTS and AUDITS

Section 6.1 Accounting System

For so long as Redeveloper owns the Improvements, or any portions thereof, constructed on the Property as a part of the Project, Redeveloper agrees to calculate its "net profit" pursuant to *N.J.S.A. 40A:20-3.c.* Redeveloper shall maintain, or cause to be maintained, a system of

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 6.2 Periodic Reports

(a) **Auditor's Report** – For so long as Redeveloper owns any of the Units constructed as a part of the Project, within ninety (90) days after the close of each fiscal or calendar year, depending on Redeveloper's accounting basis that this Financial Agreement shall continue in effect, Redeveloper shall submit to the Township Council, the Township Collector and the Township Clerk, who shall advise those municipal officials required to be advised, and the Division of Local Government Services in the State of New Jersey Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to: Gross Rents received by Redeveloper, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project, and such details as may relate to the financial affairs of Redeveloper and to its operation and performance hereunder, pursuant to Applicable Law and this Agreement. The Report shall clearly identify the Gross Rents and calculate the Net Profit for the Project during the previous year. Redeveloper assumes all costs associated with the preparation of these periodic reports.

(b) **Disclosure Statement** – For so long as Redeveloper owns any part of the Project, Redeveloper shall submit to the Township a Disclosure Statement listing the persons having an ownership interest of 10% or more in the Redeveloper and the extent of ownership interest of each, which Disclosure Statement shall be issued immediately upon any change of ownership interest in the Project, unless prior notice to or approval by the Township is otherwise required herein, or upon reasonable request by the Township.

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Section 6.3 Examination of Records

Until the earlier of such time as Redeveloper no longer holds an interest in any part of the Project or the expiration of the Term of this Agreement, Redeveloper shall permit the inspection of the premises, equipment, buildings and other facilities of the Project, if deemed appropriate or necessary, by representatives duly authorized by the Township and the State of New Jersey Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such inspection, examination or audit shall be made upon seven (7) days' notice, during the Redeveloper's regular business hours and in the presence of an officer or agent designated by Redeveloper. To the extent reasonably possible, the examination, inspection or audit shall not materially interfere with construction or operation of the Project.

ARTICLE VII - LIMITATION OF PROFITS AND RESERVES

Section 7.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, Redeveloper shall be subject to a limitation of its profits pursuant to the provisions of *N.J.S.A.* 40A:20-15. Pursuant to *N.J.S.A.* 40A:20-3.c., this calculation shall be completed in accordance with GAAP and the definitions of the phrases "Net Profit" and "Gross Revenue" set forth in the Definitions of this Financial Agreement.

Redeveloper shall have the right to establish a reserve against vacancies, unpaid rentals and contingencies in an amount up to ten (10%) percent of the Gross Revenue of the Redeveloper for the last full fiscal year preceding the year and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in *N.J.S.A.* 40A:20-15.

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Section 7.2 Annual Payment of Excess Profit

If the Net Profits of Redeveloper, in any fiscal year in which it holds an interest in the Project, shall exceed the Allowable Net Profits for such period, then the Redeveloper, within one hundred twenty (120) days after the end of such fiscal year, shall pay such excess Net Profits to the Township as an additional service charge; provided, however, that the Redeveloper may maintain a reserve as determined pursuant to aforementioned Section 7.1, hereof. The calculation of Net Profit and Allowable Net Profit shall be made in the manner required pursuant to *N.J.S.A. 40A:20-3.c.*, *N.J.S.A. 40A:20-15* and this Financial Agreement.

Section 7.3 Payment of Reserve upon Termination Expiration or Sale

Within ninety (90) days after termination of this Agreement, Redeveloper shall pay to the Township the amount of the reserve, if any.

Section 7.4 Adjustments in Annual Service Charge

The initial Annual Service Charge shall be billed based upon the minimum Gross Rents set forth on **Exhibit E**. Within one hundred twenty (120) days after the end of each fiscal year, the Tax Assessor shall calculate the amount of Annual Service Charge due based upon the actual Gross Rents for the prior fiscal year, and render a bill to be payable with the next quarterly installment of Annual Service Charge for any deficiency between the amount of Annual Service Charges billed, and the amount of Annual Service Charge due for prior fiscal year. The Tax Assessor may adjust future billings for the Annual Service Charge based upon the actual amounts due.

ARTICLE VIII - SALE OF PROJECT

Section 8.1 Approval

Redeveloper may sell the Project or any portion thereof and transfer this Financial Agreement, provided that: (a) the transfer complies with the terms of Sections 7.3, 7.4, and 7.5 of the Redevelopment Agreement, (b) the transfer is in compliance with this Agreement and the LTTE, (c) the transferee does not own any other project subject to long term tax exemption at the time of transfer; (d) the transferee is formed and eligible to operate as an urban renewal entity under the LTTE and the Redevelopment Agreement, (e) Redeveloper's obligations under this Financial Agreement are fully assumed by the transferee on a going forward basis and (f) the transferee abides by all terms and conditions of this Agreement including, without limitation, the filing of an application pursuant to *N.J.S.A. 40A:20-8*. This Section 8.1 shall not apply to the rental of Units in the ordinary course of business, which are hereby expressly authorized.

ARTICLE IX-COMPLIANCE

Section 9.1 Operation

During the term of this Financial Agreement, the Project shall be maintained and operated in accordance with the provisions of the Applicable Law.

ARTICLE X - DEFAULT

Section 10.1 Cure Upon Default

If any party to this Financial Agreement breaches the material terms or conditions contained in this Financial Agreement or in the Redevelopment Agreement, then the aggrieved party shall send a written default notice to the other party ("Default Notice"). The Default Notice shall set forth with particularity the basis of the alleged default. In the event of a monetary default by the Redeveloper, the Redeveloper shall have ten (10) days to cure such monetary default. The

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

party in breach shall have forty-five (45) days, from receipt of the Default Notice, to cure any non-monetary default. However, if in the reasonable opinion of the non-defaulting party, the default cannot be cured within forty-five (45) days using reasonable due diligence and with continuity of purpose, the non-defaulting party will extend the time to cure. Upon the expiration of the forty-five (45) day cure period set forth above, or upon the expiration of any extension period, the aggrieved party shall have the right to terminate this Financial Agreement in accordance with Article XI hereof.

Section 10.2 Remedies for Default in Payment

The Township shall be entitled to all remedies to collect such payments, including the right to sell a tax sale certificate and proceed against a Unit or the Property (excluding Units previously conveyed) pursuant to In Rem Tax Foreclosure in accordance with applicable law. The failure to make such payments shall not be subject to the dispute resolution procedures as provided in Article 12.1.

ARTICLE XI-TERMINATION

Section 11.1 Termination Upon Default

In the event that the defaulting party fails to cure or remedy a default within the time period provided in Section 10.1, hereof, the aggrieved party may terminate this Financial Agreement as to a defaulting party by written notice of such termination to the party in breach.

Section 11.2 Termination and Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of Redeveloper or by virtue of the provisions of the Applicable Law or pursuant to the terms of this Financial Agreement, Redeveloper shall provide a final accounting and pay to the Township the reserve, if any, pursuant to the provisions of *N.J.S.A. 40A:20-13* and 15 as well as any excess

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

Net Profits, if any, payable as of that date and any adjusted Annual Service Charge. For purposes of rendering a final accounting, the termination of the Financial Agreement shall be deemed to be the end of the fiscal year for the Project.

Section 11.3 Taxes after Termination Date

After the termination date, the tax exemption for the Project shall expire and the Improvements shall thereafter be assessed and conventionally taxed according to the Applicable Law regarding other nonexempt taxable property in the Township.

ARTICLE XII - DISPUTE RESOLUTION

Section 12.1 Mediation

In the event of a breach of this Agreement by any of the parties or a dispute arising between the parties in reference to the terms and provisions as set forth herein, then the parties shall submit the dispute to mediation. The parties agree that the mediation will be before a retired judge of the Superior Court of New Jersey agreed upon by the parties within 10 days after request by a party upon occurrence of a dispute, or if the parties fail to so agree, a retired judge of the Superior Court appointed by the Assignment Judge of Morris County upon application of a party. The mediation shall be conducted in accordance with rules as determined by the mediator. The parties agree to engage in good faith in the mediation effort to seek resolution of the disagreement. The good faith obligation shall require, as a condition precedent to commencement of any litigation other than one seeking emergent relief, participation of up to six (6) hours at a mediation session conducted by the mediator at a time and place fixed by the mediator, all to occur within 30 days after appointment of the mediator. The parties further agree that the mediation procedure is voluntary and nonbinding (beyond the good faith obligation described in the previous sentence). Following good faith participation, either party may at any

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

time terminate the mediation proceeding with or without cause. The mediator shall also have the right to terminate the mediation if the mediator shall determine that the efforts to reach a settlement are likely to be futile. The parties agree to share the burden of the mediator's compensation equally amongst the parties participating in the mediation and each agrees to pay its share pursuant to the mediator's invoice to be rendered at completion or termination of the mediation process.

ARTICLE XIII - WAIVER

Section 13.1 Waiver

Nothing contained in this Financial Agreement or otherwise, or any action or non-action shall constitute a waiver or relinquishment by an aggrieved party of any rights and remedies, including, without limitation, the right to terminate the Financial Agreement subject to the qualifications set forth elsewhere in this Financial Agreement for violation of any of the obligations provided herein. Nothing herein or any action or non-action shall be deemed to limit any right of recovery of any amount which the aggrieved party has under any Applicable Law, or in equity, or under any provision of this Financial Agreement.

ARTICLE XIV – NOTICE

Section 14.1 Notices

Formal notices, demands and/or communications between the Township and the Redeveloper and from the Redeveloper to the Township or from the Township to the Redeveloper (as required herein) shall be deemed sufficiently served if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed delivered upon receipt. Formal notices may also be sent by a commercial overnight delivery service with package tracking capability and proof of delivery is available. In this case

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such notice is deemed to be effective upon delivery. Such written notices demand, and communications may be sent in the same manner to such other addresses as either party may from time to time designate by written notice. Informal communications may be carried out by regular mail.

Copies of all notices, demands and communications shall be sent as follows:

(a) In case of the Township:

Township of Harding
21 Blue Mill Road, New Vernon
Morris, New Jersey 07976
Attn: Robert Falzarano

With a Copy to:

(if by mail)

John H. Hague, Esq.
Greenbaum Rowe Smith Davis, LLP
Metro Corporate Campus One
P.O. Box 5600
Woodbridge, New Jersey 07095

(if by delivery)

John H. Hague, Esq.
Greenbaum Rowe Smith Davis, LLP
99 Wood Avenue South
Iselin, New Jersey 07095-0988

(b) In the case of the Redeveloper:
Hurstmont Estate Acquisition LLC
14 Doty Road, Unit B
Haskell, NJ 07420
Attn: Peter H. Monaghan

With a Copy to:

Katharine A. Coffey, Esq.
Day Pitney
One Jefferson Road
Parsippany, NJ 07054

ARTICLE XV - SEVERABILITY

Section 15.1 Severability

(a) If any term, covenant or condition of this Financial Agreement or the Application 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 the Applicable Law.

(b) If any provision of this Financial Agreement shall be judicially declared to be invalid or unenforceable, and provided that a default has not been declared that has continued uncured after notice and expiration of the grace period provided in this Agreement, the Parties and each of them shall cooperate with each other to take the actions reasonably required to restore the Financial Agreement in a manner contemplated by the Parties. This shall include, but not be limited to the authorization and re-execution of this Financial Agreement in a form reasonably drafted to effectuate the original intent of the Parties.

ARTICLE XVI - MISCELLANEOUS

Section 16.1 Construction

This Financial Agreement shall be governed, construed and enforced in accordance with the LTTE and other Applicable Laws of the State of New Jersey and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Financial Agreement to be drawn since counsel for both Redeveloper and the Township, respectively have combined in review and approval of same.

Section 16.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in this Financial Agreement, this Financial Agreement shall govern and prevail. In the event of conflict between this Financial Agreement and the LTTE, the LTTE shall govern and prevail.

Section 16.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Financial Agreement. This Financial Agreement, the Ordinance authorizing the execution of the Financial Agreement, and the Application constitute the full agreement between the parties.

Section 16.4 Modification

There shall be no modification of this Financial Agreement except by virtue of a written instrument(s) executed by and between both parties and approved by ordinance.

Section 16.5 Entire Agreement

This Financial Agreement, the Ordinance, the Application and all Exhibits attached to each of the foregoing are incorporated into this Financial Agreement and made a part hereof and collectively constitute the entire agreement between the Parties with respect to the tax exemption for the Project.

[SIGNATURE PAGE FOLLOWS]

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

Witness:

Hurstmont Estate Urban Renewal Entity, LLC

By: _____

By: _____

Peter H. Monaghan
Manager

Witness:

TOWNSHIP OF HARDING

By: _____

Lisa Sharp
Township Clerk

By: _____

Christopher Yates, Mayor

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

EXHIBIT LIST

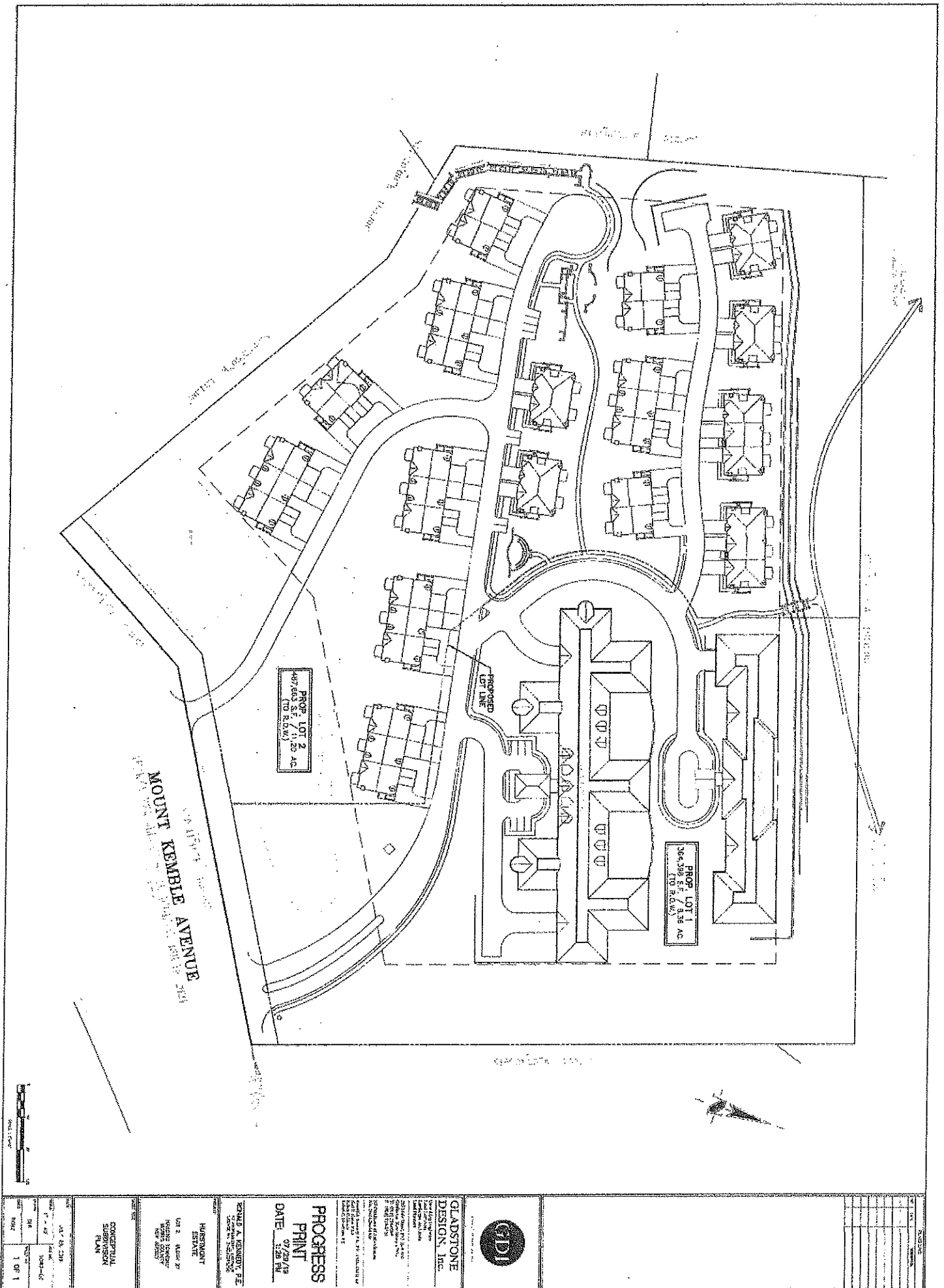
- A. Description of the Property**
- B. Application for Tax Exemption**
- C. Ordinance Approving Tax Exemption**
- D. Certificate of Formation**
- E. Minimum Gross Rents**
- F. Applicable Annual Percentage**

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

EXHIBIT A

Description of the Property

Subject to the approval of the Harding Township Fire Department, the southerly cul-de-sac shall be revised to be a K-turn.



AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

EXHIBIT B

Application for Tax Exemption
(See Attached)

APPLICATION FOR TAX ABATEMENT / EXEMPTION

TOWNSHIP OF HARDING
21 BLUE MILL ROAD
NEW VERNON, NEW JERSEY 07976

Hurstmont Estate Urban Renewal
Entity, LLC
Name of Applicant

14 Doty Road, Unit B,
Haskell, NJ 07420
Address of Applicant

679 Mt. Kemble Avenue,
Morristown, NJ 07960
Address of Project Site

THE UNDERSIGNED, ON BEHALF OF AND WITH THE POWER AND INTENT TO BIND THE APPLICANT, HEREBY CERTIFIES TO THE TOWNSHIP AS FOLLOWS, AND HEREBY ACKNOWLEDGES THAT THE STATEMENTS CONTAINED HEREIN ARE MADE IN INDUCEMENT OF A TAX ABATEMENT / EXEMPTION PURSUANT TO THE APPLICABLE LAW.

This Application is submitted pursuant to the Long Term Exemption Law (N.J.S.A. 40A:20-1 et. seq.)

SECTION A: APPLICANT INFORMATION

- 1. Name of Applicant:** Hurstmont Estate Urban Renewal, LLC
- 2. Address of Applicant:** 14 Doty Road, Unit B, Haskell, NJ 07420
- 3. If applicable, attach hereto a copy of the Applicant's Certificate of Formation and evidence of the Department of Community Affairs ("DCA") approval of the Certificate of Formation.** (If DCA approval has not yet been obtained, attach a copy of the proposed Urban Renewal Entity's certificate of formation and evidence that same has been submitted to the DCA for approval. The Applicant must submit evidence of DCA approval after it is obtained by way of a supplement to this application.)

A copy of the certificate of formation and evidence of DCA approval is attached as Exhibit A.

SECTION B: PROPERTY INFORMATION

- 4. Identification of Property:**
 - a. State the street address of the proposed project site (the "Project Site"), according to the currently effective tax map of the Township (the "Official Map"): 760 Mt. Kemble Road, Morristown, NJ 07960
 - b. State the block(s) and lot number(s) corresponding to the Project Site on the Official Map: Lot 27 Block 2.

c. Provide a metes and bounds description of the Project Site: See below
ALL that certain lot, parcel or tract of land, situate and lying in the Township of Harding, County of Morris, State of New Jersey, and being more particularly described as follows:

Beginning at a point at the intersection of the old centerline of Mount Kemble Avenue (a.k.a. N.J. State Highway Route 202) (also known as the old centerline of Morristown - Bernardsville Road) with the Westerly line of lands formerly of Paul Feakins and running thence;

- 1) Along the Westerly line of Feakins North 18°-29'-20" West 757.85' to a monument, thence;
- 2) Along the lands formerly of the Mt. Kemble Corp. South 71°-30'-40" West 1078.36' to a iron pin, thence;
- 3) Along the lands formerly n/f of J.M. Davies and L. & S. Jean South 14°-06'-50" East 515.77' to a wood monument, thence;
- 4) Along said Jean lands and lands formerly of Doris Farid, South 77°-29'-00" East 164.88' to a marble monument, thence;
- 5) Still along the lands formerly of Farid, South 58°-25'-00" East 531.00' to a point in the old centerline of Mt. Kemble Avenue, thence;
- 6) Along the old centerline of Mount Kemble Avenue North 29°-18'-40" East 223.67' to an angle point, thence;
- 7) Still along the old centerline of Mount Kemble Avenue North 59°-41'-40" East 480.05' to the point and place of beginning.

Note: For Informational Purposes Only: BEING Lot 2 Block 27 on a Tax Map of the Township of Harding, County of Morris.

BEING the same premises which Edith Kurlan, by Deed dated 09/11/1996 and recorded 09/19/1996 in the Morris County Clerk's Office in Deed Book 4444, Page 328, granted and conveyed unto Edith Kurlan, in Trust for Matthew Kurlan.

AND ALSO BEING the same premises which Matthew Kurlan, by Deed dated 02/15/2011 and recorded 03/11/2011 in the Morris County Clerk's Office in Official Record Book 21756, Page 1950, granted and conveyed unto Edith Kurlan

AND ALSO BEING the same premises which Edith Kurlan, Unmarried, by Deed dated 02/15/2011 and recorded 03/11/2011 in the Morris County Clerk's Office in Official Record Book 21756, Page 1956, granted and conveyed unto Harding Holdings PM, LLC.

5. Current Assessment Status of the Project Site:

BLOCK	LOT	LAND	IMPROVEMENTS	TOTAL
27	2	\$8,027.14	\$20,131.20	\$28,158.34

SECTION C: PROJECT INFORMATION

- 5. Provide a statement describing the nature and purpose of the proposed project. Include a detailed description of the improvements to be made to the Project Site.**

Project Overview – The property consisting of approximately 20 acres will be developed in two distinct phases on a sub-divided property to provide for forty (40) for-sale townhomes along with two hundred and ten (210) senior apartments, as may be modified in accordance with the Redevelopment Plan. The project will also consist of a community septic system that will serve the septic needs of the entire development along with being over-sized to accommodate the future septic needs of the Glen Alpin Estate.

Townhomes – The forty (40) townhomes will be developed in multiple phases/buildings generally consisting of 2-4 units per building. The townhomes will be age-restricted with at least one person being 55 years or older.

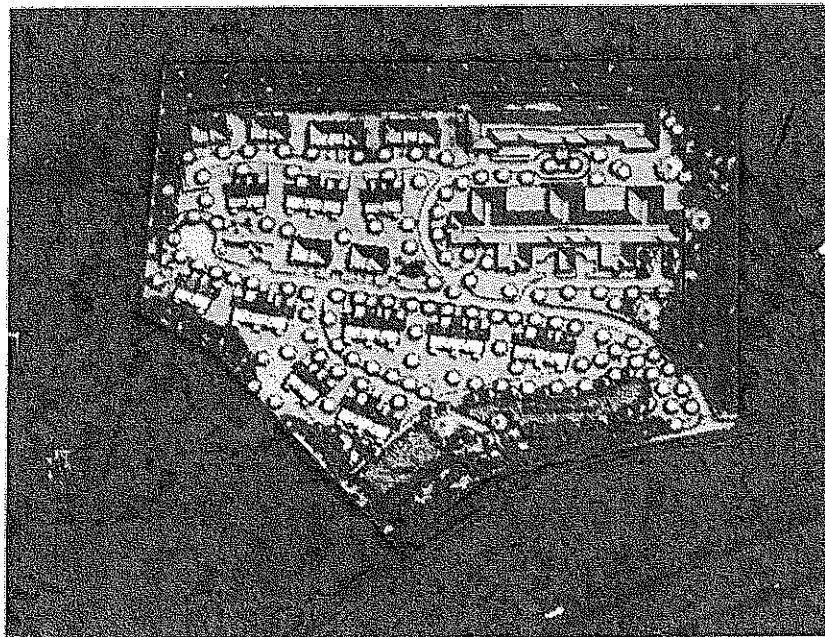
Senior Rental Community – The two hundred and ten (210) senior apartments will be comprised of 125 independent living apartments, 61 assisted living apartments and 24 memory care apartments. The senior community will consist of forty (40) affordable units with thirty-one (31) affordable independent living apartments along with nine (9) affordable assisted living units serving as Medicaid “set-aside” units.

Redevelopment Plan Goal – Highlights

- The intended redevelopment of the former Hurstmont estate will bring a productive use to a site that has been left to decay for more than two decades and with the partial demolition, has turned into a hazard and an eyesore for the community.
- The Plan intends to minimize environmental disturbance by providing for tree conservation areas and building with respect to all environmental features on the site.
- The redevelopment of the former Hurstmont estate will bring jobs and housing options to the residents of Harding Township and New Jersey.

- The easements, setbacks, and conservation areas within this Plan will continue to protect the environment surrounding the Area, including the Morristown National Historical Park.
- Construction of affordable, age-restricted housing helps to fulfill the Township's affordable housing obligations while also providing housing options for seniors of all income groups.
- The proposed walking trail will enhance the open space and recreational opportunities for the residents of the Area, Harding Township, and New Jersey.
- The Redevelopment Area is located directly on Route 202 (Mt. Kemble Avenue) and is near entrances to I-287. The Plan calls for the preservation and adaptive reuse of a previously unused historical building, turning it into a productive property once again, as well as the redevelopment of an underutilized and dilapidated property. Redevelopment of the Area is consistent with good planning principles and integrated land use planning and implementation.

6. Provide copies of the concept plans, drawings and other documents to demonstrate the structure and design of the proposed project.



8. Provide the currently estimated project schedule, including the anticipated project completion date.

Please see estimated project schedule attached as Exhibit B.

9. Provide a statement that the proposed project conforms to all applicable ordinances of the Township and is in accordance with the Township's Redevelopment Plan, as applicable, governing the Project Site and the Township's Master Plan.

The proposed project conforms to all applicable ordinances of the Township and is in accordance with the Township's Redevelopment Plan, as applicable, governing the Project Site and the Township's Master Plan.

10. Provide a certified statement prepared by a licensed architect or engineer of the estimated cost of the proposed project in the detail required pursuant to the applicable law, including, if applicable, the estimated cost of each unit to be undertaken.

Total Gross Area of Improvements (SF)	220,000		
<u>Description</u>		<u>Total Budget</u>	<u>Per Gross SF</u>
Land Cost		10,500,000	47.73
Hard Costs		45,600,000	207.27
Soft Costs		6,840,000	31.09
Hard Cost Contingency @ 10%		4,560,000	20.73
Operating Reserve		3,350,000	15.23
Total Project Costs		70,850,000	322.05
Gross SF (Residential)	159,482		
Gross SF (Total)	220,000		
Allocable Share (Residential)	72.49%	51,360,567	

11. Detail the source, method and amount of money to be subscribed through the investment of private capital, setting for the amount of stock or other securities to be issued therefore or the extent of capital invested and the proprietary or ownership interest obtained in consideration therefore.

Equity Investment – 35%	\$24,797,500
Construction Debt – 65%	\$46,052,500
Total Project Cost – 100%	\$70,850,000

SECTION D: TAX ABATEMENT / EXEMPTION

12. Attach a fiscal plan for the proposed project outlining a schedule of annual gross revenue, the estimated expenditures for operation and maintenance, and payments of interest, amortization of debt and reserves, and payments to the Township to be made pursuant to a financial agreement to be entered into with the Township.

Please find fiscal plan attached as Exhibit C.

13. Provide the annual estimated payments in lieu of taxes during the term of the Tax Abatement / Exemption.

Please find estimated payments in lieu of taxes attached as Exhibit D.

14. Attach a proposed form of Financial Agreement.

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

Signature

Print Name and Title

Date

APPLICATION FOR LONG TERM TAX EXEMPTION

Exhibit A

Certificate of Formation and DCA Approval

See Exhibit D to AL/IL Long Term Tax Exemption Financial Agreement.

APPLICATION FOR LONG TERM TAX EXEMPTION

Exhibit B

Estimated Project Schedule

Task	Date for Completion
Subdivision/Site Plan Application Submission	Three months from execution of Financial Agreements pursuant to Section 5.2
Obtain All Government Approvals	Eighteen months from Subdivision/Site Plan Application Submission
Commencement of Site Work, including installation of driveways, Septic Treatment Facility, and infrastructure	Three Months from Obtaining All Government Approvals, Weather Permitting
Commence Construction of Townhome and/or Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Six Months from Commencement of Site Work, Weather Permitting and Provided No Unexpected Site Conditions Are Encountered
Certificate of Occupancy and Certificate of Completion for Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Two Years from Commencement of Construction of Assisted Living Residences, Dementia Care Home Units, and Independence Living Units

APPLICATION FOR LONG TERM TAX EXEMPTION

Exhibit C

Fiscal Plan

Harding 3/9/20

2018 Tax Data

<u>Description</u>	<u>2018</u>	<u>% of Total</u>
Net Taxable Value	1,999,521,290	
General Tax Rate	1.1300%	
Equalization Ratio	90.2200%	
Total Equalized Value	2,217,959,161	
County Levy	5,538,500.06	24.515
County Library Levy	0	0.856
County OS Levy	193,499.94	25.371
Sub-Total County	5,732,000.00	25.371
District School Levy	10,385,445.00	45.969
Regional School Levy	0.00	0.000
Local School Levy	0.00	0.000
Sub-Total School	10,385,445.00	45.969
Municipal Levy	5,675,195.47	25.120
Municipal Open Space Levy	799,809.00	3.540
Municipal Library Levy	0.00	0.000
Sub-Total Municipal	6,475,004.47	28.660
Total Levy	22,592,449.47	100.000
Eq. Tax Rate (from EQ Ratio)	1.0195%	
2022 Eq. Tax Rate (Proj.)	1.1035%	

Hurstmont
3/9/2020

Assessed Value History

<u>Year</u>	<u>Block</u>	<u>Lot</u>	<u>Address</u>	<u>Total AV</u>	<u>Land AV</u>	<u>Improv. AV</u>	<u>Tax Rate</u>	<u>Taxes</u>
2019	27	2	679 Mt. Kemble	2,444,300	696,800	1,747,500	1.1526%	28,173
Allocable Share (Rental Site)	42.10%			1,029,070	293,358	735,711	1.1526%	11,861
								43,899

**Hurstmont
3/9/2020**

Usable Area

<u>Unit Type</u>	<u># Units</u>	<u>Gross Area per Unit</u>	<u>Total Gross Area</u>	<u>Net Area per Unit</u>	<u>Total Net Area</u>
IL COAH	31	765	23,706	650	20,150
IL 1 BR	42	765	32,118	650	27,300
IL 1 BR/Den	31	941	29,176	800	24,800
IL 2 BR	21	1,176	24,706	1,000	21,000
AL Studio	7	447	3,129	380	2,660
AL 1 BR	39	647	25,235	550	21,450
AL 2 BR	10	1,000	10,000	850	8,500
AL Semi	5	447	2,235	380	1,900
Medicare Private	24	382	9,176	325	7,800
Total	210		159,482		135,560
Other Uses			100,518		
Total Area			260,000		

Hurstmont
3/9/2020

Projected Rent from Operator

<u>Assumptions</u>		<u>Period</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>	<u>PILOT @10%</u>
Total Building Square Feet	220,000	Year 1	88,000	1,056,000	105,600
Building Loss Factor	80.00%	Year 2	176,000	2,112,000	211,200
Rentable Square Feet	176,000	Year 3	264,000	3,168,000	316,800
Real Estate Rent (Monthly)	2.50	Year 4	352,000	4,224,000	422,400
		Year 5	440,000	5,280,000	528,000
Initial Monthly Rent (NNN)	440,000	Years 6-10	485,796	5,829,547	582,955
(5 Year Phase-In @20%/Year)		Years 11-1	536,358	6,436,291	643,629
Initial Lease Term (Years)	30	Years 16-2	592,182	7,106,185	710,618
Rental Increase %	2.00%	Years 21-2	653,817	7,845,802	784,580
(Applied every 5 Years)		Years 26-3	721,867	8,662,400	866,240
		Average	718,336	6,508,037	650,804

Hurstmont

3/9/2020

Financial Analysis (Full Taxes) Operating Projection by Year

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>2022 Year 1</u>	<u>Year 2</u>
<u>Occupancy Factor</u>						0.500	0.800
<u>Revenue</u>							
Operator Rents						1,056,000	2,112,000
Operating Reserve						3,700,000	2,650,000
Total Revenue						4,756,000	4,762,000
Total Residential Area							
<u>Expense</u>	<u>Rate per SF or AGR</u>	<u>Basis</u>	<u>Ann. Esc.</u>				
Operating Expenses (Res.)	0.000	0	0.0300			0	0
Full Taxes	1.104%	80,000,000	0.0300			882,820	909,304
Replacement Reserve	0.000	TOR	N/A			0	0
Management Fee	0.000	TOR	N/A			0	0
Total Operating Expense						882,820	909,304
Net Income to Developer						4,756,000	4,762,000
Equity Investment	30,975,000			Land Equity	Cash Equity		
Mortgage Principal	57,525,000	10,500,000	20,475,000				
Rate	0.0550						
Term	30						
Annual Debt Payment	3,958,030					3,958,030	3,958,030
Projected Cash Flow						797,970	803,970
Coverage Ratio							
(Operating Cash Flow/Debt Service Requirement)						120.2%	120.3%
<u>Analysis of Mortgage</u>							

Hurstmont

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Financial Analysis (Full Taxes) Operating Projection by Year

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>2022 Year 1</u>	<u>Year 2</u>
Beginning Balance						\$7,525,000	\$6,730,845
Interest Payment						3,163,875	3,120,196
Principal Payment						794,155	837,834
Ending Balance						\$6,730,845	\$5,893,011
<u>Analysis of Earnings</u>							
Principal Payment						794,155	837,834
Operating Cash Flow						797,970	803,970
Total Cash Flow (incl Residual Value)					(30,975,000)	797,970	803,970
Total Equity						30,975,000	30,975,000
Earnings as % of Equity						2.58%	2.60%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate	7.00%						
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	10,500,000		0.020			10,500,000	10,710,000
Equalized Tax Rate	0.01104					0.01104	0.01104
Municipal %	0.28660					0.28660	0.28660
Municipal Share of Land Tax						33,208	33,873
Improvement Value for RE Tax	69,500,000		0.020			69,500,000	70,890,000
Equalized Tax Rate	0.01104					0.01104	0.01104
Municipal %	0.28660					0.28660	0.28660
Municipal Share of Impr. Tax						219,808	224,204

**Hurstmont
3/9/2020**

**Financial Analysis (Full Taxes)
Operating Projection by Year**

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>2022 Year 1</u>	<u>Year 2</u>
Total Municipal Share						253,016	258,077
IRR	8.77%						
Yield to Cost						5.374%	5.381%
Average YTC	7.674%						

Hurstmont

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<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Occupancy Factor	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	3,168,000	4,224,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Operating Reserve	1,600,000	550,000	0	0	0	0	0
Total Revenue	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547

Total Residential Area

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	936,583	964,681	993,621	1,023,430	1,054,133	1,085,757	1,118,329
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	936,583	964,681	993,621	1,023,430	1,054,133	1,085,757	1,118,329
Net Income to Developer	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Equity Investment							
Mortgage Principal							
Rate							
Term							

Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
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Projected Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
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Coverage Ratio	120.5%	120.6%	133.4%	147.3%	147.3%	147.3%	147.3%
(Operating Cash Flow/Debt Service)							

Analysis of Mortgage

Description	Year <u>3</u>	Year <u>4</u>	Year <u>5</u>	Year <u>6</u>	Year <u>7</u>	Year <u>8</u>	Year <u>9</u>
Beginning Balance	55,893,011	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564
Interest Payment	3,074,116	3,025,500	2,974,211	2,920,101	2,863,015	2,802,789	2,739,251
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Ending Balance	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564	48,585,785
<u>Analysis of Earnings</u>							
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Operating Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Cash Flow (incl Residual Val	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	2.61%	2.63%	4.27%	6.04%	6.04%	6.04%	6.04%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	10,924,200	11,142,684	11,365,538	11,592,848	11,824,705	12,061,200	12,302,424
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	34,550	35,241	35,946	36,665	37,398	38,146	38,909
Improvement Value for RE Tax	72,307,800	73,753,956	75,229,035	76,733,616	78,268,288	79,833,654	81,430,327
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr. Tax	228,688	233,262	237,927	242,686	247,540	252,490	257,540

Hurstmont
3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Total Municipal Share	263,238	268,503	273,873	279,351	284,938	290,636	296,449
IRR	5.388%	5.394%	5.966%	6.587%	6.587%	6.587%	6.587%
Yield to Cost							
Average YTC							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Total Residential Area							

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	1,151,879	1,186,436	1,222,029	1,258,690	1,296,450	1,335,344	1,375,404
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,151,879	1,186,436	1,222,029	1,258,690	1,296,450	1,335,344	1,375,404
Net Income to Developer	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Coverage Ratio							
(Operating Cash Flow/Debt Service)	147.3%	162.6%	162.6%	162.6%	162.6%	162.6%	179.5%
<u>Analysis of Mortgage</u>							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Beginning Balance	48,585,785	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047
Interest Payment	2,672,218	2,601,499	2,526,889	2,448,177	2,365,135	2,277,525	2,185,098
Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Ending Balance	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047	37,956,114
<u>Analysis of Earnings</u>							
Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Operating Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Cash Flow (incl Residual Val)	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	6.04%	8.00%	8.00%	8.00%	8.00%	8.00%	10.16%

Analysis of Residual Value

Total Net Earnings
Capitalization Rate
Projected Value

Analysis of Municipal Receipts

Land Value for RE Tax	12,548,472	12,799,441	13,055,430	13,316,539	13,582,870	13,854,527	14,131,618
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	39,687	40,481	41,290	42,116	42,959	43,818	44,694
Improvement Value for RE Tax	83,058,934	84,720,112	86,414,514	88,142,805	89,905,661	91,703,774	93,537,850
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr. Tax	262,691	267,945	273,304	278,770	284,345	290,032	295,833

Hurstmont
3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Total Municipal Share	302,378	308,426	314,594	320,886	327,304	333,850	340,527
IRR							
Yield to Cost	6.587%	7.273%	7.273%	7.273%	7.273%	7.273%	8.030%
Average YTC							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Occupancy Factor	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802

Total Residential Area

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	1,416,666	1,459,166	1,502,941	1,548,029	1,594,470	1,642,304	1,691,574
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,416,666	1,459,166	1,502,941	1,548,029	1,594,470	1,642,304	1,691,574
Net Income to Developer	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Coverage Ratio							
(Operating Cash Flow/Debt Service)	179.5%	179.5%	179.5%	179.5%	198.2%	198.2%	198.2%

Analysis of Mortgage

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Beginning Balance	37,956,114	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402
Interest Payment	2,087,586	1,984,712	1,876,179	1,761,678	1,640,878	1,513,435	1,378,982
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Ending Balance	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402	22,493,355
<u>Analysis of Earnings</u>							
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Operating Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Cash Flow (incl Residual Val	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	10.16%	10.16%	10.16%	10.16%	12.55%	12.55%	12.55%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	14,414,250	14,702,535	14,996,586	15,296,517	15,602,448	15,914,497	16,232,787
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	45,588	46,500	47,430	48,378	49,346	50,333	51,340
Improvement Value for RE Tax	95,408,607	97,316,779	99,263,114	101,248,376	103,273,344	105,338,811	107,445,587
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr. Tax	301,749	307,784	313,940	320,219	326,623	333,156	339,819

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Total Municipal Share	347,337	354,284	361,370	368,597	375,969	383,488	391,158
IRR							
Yield to Cost	8.030%	8.030%	8.030%	8.030%	8.865%	8.865%	8.865%
Average YTC							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Total Residential Area							

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	1,742,321	1,794,590	1,848,428	1,903,881	1,960,997	2,019,827	2,080,422
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,742,321	1,794,590	1,848,428	1,903,881	1,960,997	2,019,827	2,080,422
Net Income to Developer	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	4,704,370
Coverage Ratio							
(Operating Cash Flow/Debt Service)	198.2%	198.2%	218.9%	218.9%	218.9%	218.9%	218.9%

Analysis of Mortgage

Hurstmont

3/9/2020

Description	Year	Year	Year	Year	Year	Year
	24	25	26	27	28	29
Beginning Balance	22,493,355	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789
Interest Payment	1,237,135	1,087,485	929,605	763,042	587,318	401,928
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102
Ending Balance	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789	3,751,687
						(0)
<u>Analysis of Earnings</u>						
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102
Operating Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370
Total Cash Flow (incl Residual Val	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	12.55%	12.55%	15.19%	15.19%	15.19%	15.19%
<u>Analysis of Residual Value</u>						
Total Net Earnings						8,662,400
Capitalization Rate						7.00%
Projected Value						123,748,566
<u>Analysis of Municipal Receipts</u>						
Land Value for RE Tax	16,557,442	16,888,591	17,226,363	17,570,890	17,922,308	18,280,754
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	52,366	53,414	54,482	55,572	56,683	57,817
Improvement Value for RE Tax	109,594,499	111,786,389	114,022,117	116,302,559	118,628,610	121,001,182
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr. Tax	346,615	353,547	360,618	367,831	375,187	382,691
						390,345

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> 24	<u>Year</u> 25	<u>Year</u> 26	<u>Year</u> 27	<u>Year</u> 28	<u>Year</u> 29	<u>Year</u> 30
Total Municipal Share	398,981	406,961	415,100	423,402	431,870	440,508	449,318
IRR	8.865%	8.865%	9.788%	9.788%	9.788%	9.788%	9.788%
Yield to Cost							
Average YTC							

**Hurstmont
3/9/2020**

Full Tax Basis

Net Leasable Area	135,560
<u>Replacement Cost Basis</u>	
Total Project Cost	88,500,000
Less:	
Operating Reserve	8,500,000
Total Replacement Cost Value	80,000,000
Projected 2022 Equalized Tax Rate	1.1035%
2022 Projected Full Taxes	882,820
Taxes per Leasable SF	6.512

Hurstmont**3/9/2020**

Site % of Total Area
 Land Assessment (2018)
 2018 Tax Rate
 Equalization Rate
 2018 Equalized Tax Rate
 PV Escalation Rate
 Annual Revenue Esc.
 Proj 2022 Eq. Rate

PILOT Details
(10% PILOT (1-5); 80% Tax (6-15); 90% T

100.00%
 293,358 Prior Year Taxes 11,861
 1.130% Equalized Value of Land (2022) 10,500,000
 90.2200% Proj. Eq. Value (2022) 80,000,000
 1.0195% Proj. Full Taxes (2022) 882,820
 2.0000% Projected Annual Tax Rate Increase 2.0000%
 2.0000% Municipal Share of Taxes 28.6600%
 1.1035%

Year	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Calendar Year	2023	2024	2025	2026	2027	2028
Project Completion Indicator	1	1	1	1	1	1
Annual Gross Revenue	1,056,000	2,112,000	3,168,000	4,224,000	5,280,000	5,829,547
PILOT Rate	10.00%	10.00%	10.00%	10.00%	10.00%	12.00%
Formula PILOT Payment	105,600	211,200	316,800	422,400	528,000	699,546
Prior Full Taxes	11,861	11,861	11,861	11,861	11,861	11,861
Min % of Full Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	80.00%
Projected Theoretical Taxes	882,820	900,476	918,485	936,855	955,592	974,704
Municipal Share (Full Tax)	253,016	258,077	263,238	268,503	273,873	279,351
PILOT per Statute	105,600	211,200	316,800	422,400	528,000	779,763
Land Taxes	115,870	118,187	120,551	122,962	125,421	127,930
Municipal Share (Land Tax)	33,208	33,873	34,550	35,241	35,946	36,665
Add'l PILOT for RAB	0	0	0	0	0	0
Gross PILOT	105,600	211,200	316,800	422,400	528,000	779,763
Pledged to RAB	0	0	0	0	0	0
Net PILOT (After LT Credit)	105,600	95,330	198,613	301,849	405,038	654,342
County Share (PILOT)	5,280	4,766	9,931	15,092	20,252	32,717
Municipal Share (PILOT)	100,320	90,563	188,682	286,756	384,786	621,625
Total Municipal Share	133,528	124,436	223,232	321,997	420,732	658,289
<u>MS (Tax) v MS (PILOT)</u>	119,488	133,641	40,006	(53,494)	(146,859)	(378,939)

'ax (16-30))

<u>7</u> 2029 1	<u>8</u> 2030 1	<u>9</u> 2031 1	<u>10</u> 2032 1	<u>11</u> 2033 1	<u>12</u> 2034 1	<u>13</u> 2035 1	<u>14</u> 2036 1
5,829,547	5,829,547	5,829,547	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291
12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
699,546	699,546	699,546	699,546	772,355	772,355	772,355	772,355
11,861	11,861	11,861	11,861	11,861	11,861	11,861	11,861
80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
994,198	1,014,082	1,034,364	1,055,051	1,076,152	1,097,675	1,119,629	1,142,021
284,938	290,636	296,449	302,378	308,426	314,594	320,886	327,304
795,359	811,266	827,491	844,041	860,922	878,140	895,703	913,617
130,489	133,098	135,760	138,475	141,245	144,070	146,951	149,890
37,398	38,146	38,909	39,687	40,481	41,290	42,116	42,959
0	0	0	0	0	0	0	0
795,359	811,266	827,491	844,041	860,922	878,140	895,703	913,617
0	0	0	0	0	0	0	0
667,429	680,777	694,393	708,281	722,446	736,895	751,633	766,666
33,371	34,039	34,720	35,414	36,122	36,845	37,582	38,333
634,057	646,738	659,673	672,867	686,324	700,050	714,051	728,332
671,455	684,884	698,582	712,554	726,805	741,341	756,168	771,291
(386,518)	(394,248)	(402,133)	(410,176)	(418,379)	(426,747)	(435,282)	(443,987)

<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>
2037	2038	2039	2040	2041	2042	2043	2044
1	1	1	1	1	1	1	1
6,436,291	7,106,185	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802
12.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
772,355	923,804	923,804	923,804	923,804	923,804	1,019,954	1,019,954
11,861	11,861	11,861	11,861	11,861	11,861	11,861	11,861
80.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
1,164,862	1,188,159	1,211,922	1,236,160	1,260,884	1,286,101	1,311,823	1,338,060
333,850	340,527	347,337	354,284	361,370	368,597	375,969	383,488
931,889	1,069,343	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254
152,888	155,946	159,065	162,246	165,491	168,801	172,177	175,620
43,818	44,694	45,588	46,500	47,430	48,378	49,346	50,333
0	0	0	0	0	0	0	0
931,889	1,069,343	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254
0	0	0	0	0	0	0	0
781,999	916,455	934,784	953,480	972,549	992,000	1,011,840	1,032,077
39,100	45,823	46,739	47,674	48,627	49,600	50,592	51,604
742,899	870,632	888,045	905,806	923,922	942,400	961,248	980,473
786,717	915,326	933,633	952,305	971,352	990,779	1,010,594	1,030,806
(452,867)	(574,800)	(586,296)	(598,021)	(609,982)	(622,181)	(634,625)	(647,318)

<u>23</u> 2045 1	<u>24</u> 2046 1	<u>25</u> 2047 1	<u>26</u> 2048 1	<u>27</u> 2049 1	<u>28</u> 2050 1	<u>29</u> 2051 1	<u>30</u> 2052 1
7,845,802	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
1,019,954	1,019,954	1,019,954	1,126,112	1,126,112	1,126,112	1,126,112	1,126,112
11,861	11,861	11,861	11,861	11,861	11,861	11,861	11,861
90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
1,364,821	1,392,117	1,419,960	1,448,359	1,477,326	1,506,873	1,537,010	1,567,750
391,158	398,981	406,961	415,100	423,402	431,870	440,508	449,318
1,228,339	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
179,133	182,715	186,370	190,097	193,899	197,777	201,733	205,767
51,340	52,366	53,414	54,482	55,572	56,683	57,817	58,973
0	0	0	0	0	0	0	0
1,228,339	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
0	0	0	0	0	0	0	0
1,052,719	1,073,773	1,095,248	1,117,153	1,139,496	1,162,286	1,185,532	1,209,243
52,636	53,689	54,762	55,858	56,975	58,114	59,277	60,462
1,000,083	1,020,084	1,040,486	1,061,296	1,082,522	1,104,172	1,126,256	1,148,781
1,051,422	1,072,451	1,093,900	1,115,778	1,138,093	1,160,855	1,184,072	1,207,754
(660,264)	(673,469)	(686,939)	(700,677)	(714,691)	(728,985)	(743,564)	(758,436)

Total

195,241,120

24,292,854

35,814,293

10,264,390

28,614,785

4,700,626

1,347,201

0

28,614,785

0

24,119,926

1,205,996

22,913,930

24,261,131

(13,996,741)

Hurstmont

3/9/2020

Financial Analysis (PILOT) Operating Projection by Year

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>Year 1 PILOT per Unit</u>	<u>Year 1</u>	<u>Year 2</u>
Occupancy Factor							0.500	0.800
<u>Revenue</u>								
Operator Rents							1,056,000	2,112,000
Operating Reserve							3,700,000	2,650,000
Total Revenue							4,756,000	4,762,000
Total Residential Area								
<u>Expense</u>								
Operating Expenses (Res.)			<u>Rate per SF or AGR</u>	<u>Basis</u>	<u>Ann. Esc.</u>			
PILOT		0.000		0	0.0300		0	0
Replacement Reserve		0.000		TOR	N/A		105,600	211,200
Management Fee		0.000		TOR	N/A		0	0
Total Operating Expense							105,600	211,200
Net Income to Developer							4,756,000	4,762,000
Equity Investment	30,975,000			Land Equity	Cash Equity			
Mortgage Principal	57,525,000			10,500,000	20,475,000			
Rate	0.0550							
Term	30							
Annual Debt Payment	3,958,030						3,958,030	3,958,030
Projected Cash Flow							797,970	803,970
Coverage Ratio								
(Operating Cash Flow/Debt Service Requirement)							120.2%	120.3%
<u>Analysis of Mortgage</u>								

Hurstmont

3/9/2020

Financial Analysis (PILOT) Operating Projection by Year

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>Year 1 PILOT per Unit</u>	<u>Year 1</u>	<u>Year 2</u>
Beginning Balance							57,525,000	56,730,845
Interest Payment							3,163,875	3,120,196
Principal Payment							794,155	837,834
Ending Balance							56,730,845	55,893,011
<u>Analysis of Earnings</u>								
Principal Payment							794,155	837,834
Operating Cash Flow							797,970	803,970
Total Cash Flow (incl Residual Value)						(30,975,000)	797,970	803,970
Total Equity							30,975,000	30,975,000
Earnings as % of Equity							2.58%	2.60%
<u>Analysis of Residual Value</u>								
Total Net Earnings								
Capitalization Rate								
Projected Value	7.00%							
<u>Analysis of Municipal Receipts</u>								
Land Value for RE Tax	10,500,000		0.020				10,500,000	10,710,000
Equalized Tax Rate	0.01104						0.01104	0.01104
Municipal %	0.28660						0.28660	0.28660
Municipal Share of Land Tax							33,208	33,873
PILOT Payment							115,870	118,187
Less Land Tax							105,600	211,200
Net PILOT							0	115,870
Municipal %	0.95						105,600	95,330
Municipal Share of PILOT							0.95000	0.95000
							100,320	90,563

Hurstmont
3/9/2020

Financial Analysis (PILOT)
Operating Projection by Year

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>Year 1 PILOT per Unit</u>	<u>Year 1</u>	<u>Year 2</u>
Total Municipal Share							133,528	124,436
IRR	8.63%							
Yield to Cost							5.374%	5.381%
Average YTC	7.674%							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Occupancy Factor	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	3,168,000	4,224,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Operating Reserve	1,600,000	550,000	0	0	0	0	0
Total Revenue	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547

Total Residential Area

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	316,800	422,400	528,000	779,763	795,359	811,266	827,491
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	316,800	422,400	528,000	779,763	795,359	811,266	827,491
Net Income to Developer	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Equity Investment							
Mortgage Principal							
Rate							
Term							

Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517

Coverage Ratio	120.5%	120.6%	133.4%	147.3%	147.3%	147.3%	147.3%
(Operating Cash Flow/Debt Service)							

Analysis of Mortgage

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Beginning Balance	55,893,011	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564
Interest Payment	3,074,116	3,025,500	2,974,211	2,920,101	2,863,015	2,802,789	2,739,251
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Ending Balance	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564	48,585,785
<u>Analysis of Earnings</u>							
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Operating Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Cash Flow (incl Residual Val)	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	2.61%	2.63%	4.27%	6.04%	6.04%	6.04%	6.04%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	10,924,200	11,142,684	11,365,538	11,592,848	11,824,705	12,061,200	12,302,424
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	34,550	35,241	35,946	36,665	37,398	38,146	38,909
PILOT Payment	120,551	122,962	125,421	127,930	130,489	133,098	135,760
Less Land Tax	316,800	422,400	528,000	779,763	795,359	811,266	827,491
Net PILOT	118,187	120,551	122,962	125,421	127,930	130,489	133,098
Municipal %	198,613	301,849	405,038	654,342	667,429	680,777	694,393
Municipal Share of PILOT	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
	188,682	286,756	384,786	621,625	634,057	646,738	659,673

Hurstmont
3/9/2020

Description	Year	Year	Year	Year	Year	Year
Total Municipal Share	3 223,232	4 321,997	5 420,732	6 658,289	7 671,455	8 684,884
IRR						9 698,582
Yield to Cost	5.388%	5.394%	5.966%	6.587%	6.587%	6.587%
Average YTC						

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Occupancy Factor	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Total Residential Area							

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	844,041	860,922	878,140	895,703	913,617	931,889	1,069,343
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	844,041	860,922	878,140	895,703	913,617	931,889	1,069,343
Net Income to Developer	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Coverage Ratio							
(Operating Cash Flow/Debt Service)	147.3%	162.6%	162.6%	162.6%	162.6%	162.6%	179.5%

Analysis of Mortgage

Description	Year <u>10</u>	Year <u>11</u>	Year <u>12</u>	Year <u>13</u>	Year <u>14</u>	Year <u>15</u>	Year <u>16</u>
Beginning Balance	48,585,785	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047
Interest Payment	2,672,218	2,601,499	2,526,889	2,448,177	2,365,135	2,277,525	2,185,098
Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Ending Balance	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047	37,956,114
<u>Analysis of Earnings</u>							
Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Operating Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Cash Flow (incl Residual Val)	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	6.04%	8.00%	8.00%	8.00%	8.00%	8.00%	10.16%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	12,548,472	12,799,441	13,055,430	13,316,539	13,582,870	13,854,527	14,131,618
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	39,687	40,481	41,290	42,116	42,959	43,818	44,694
PILOT Payment	138,475	141,245	144,070	146,951	149,890	152,888	155,946
Less Land Tax	844,041	860,922	878,140	895,703	913,617	931,889	1,069,343
Net PILOT	135,760	138,475	141,245	144,070	146,951	149,890	152,888
Municipal %	708,281	722,446	736,895	751,633	766,666	781,999	916,455
	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
Municipal Share of PILOT	672,867	686,324	700,050	714,051	728,332	742,899	870,632

Hurstmont
3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Total Municipal Share	712,554	726,805	741,341	756,168	771,291	786,717	915,326
IRR							
Yield to Cost	6.587%	7.273%	7.273%	7.273%	7.273%	7.273%	8.030%
Average YTC							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Total Residential Area							

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254	1,228,339
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254	1,228,339
Net Income to Developer	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Coverage Ratio							
(Operating Cash Flow/Debt Service)	179.5%	179.5%	179.5%	179.5%	198.2%	198.2%	198.2%
<u>Analysis of Mortgage</u>							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Beginning Balance	37,956,114	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402
Interest Payment	2,087,586	1,984,712	1,876,179	1,761,678	1,640,878	1,513,435	1,378,982
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Ending Balance	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402	22,493,355
<u>Analysis of Earnings</u>							
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Operating Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Cash Flow (incl Residual Val)	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	10.16%	10.16%	10.16%	10.16%	12.55%	12.55%	12.55%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	14,414,250	14,702,535	14,996,586	15,296,517	15,602,448	15,914,497	16,232,787
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	45,588	46,500	47,430	48,378	49,346	50,333	51,340
PILOT Payment	159,065	162,246	165,491	168,801	172,177	175,620	179,133
Less Land Tax	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254	1,228,339
Net PILOT	155,946	159,065	162,246	165,491	168,801	172,177	175,620
Municipal %	934,784	953,480	972,549	992,000	1,011,840	1,032,077	1,052,719
Municipal Share of PILOT	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
	888,045	905,806	923,922	942,400	961,248	980,473	1,000,083

Hurstmont
3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Total Municipal Share	933,633	952,305	971,352	990,779	1,010,594	1,030,806	1,051,422
IRR	8.030%	8.030%	8.030%	8.030%	8.865%	8.865%	8.865%
Yield to Cost							
Average YTC							

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
Occupancy Factor	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400

Total Residential Area

Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
Net Income to Developer	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Equity Investment							
Mortgage Principal							
Rate							
Term							

Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	4,704,370

Coverage Ratio							
(Operating Cash Flow/Debt Service)	198.2%	198.2%	218.9%	218.9%	218.9%	218.9%	218.9%

Analysis of Mortgage

Hurstmont

3/9/2020

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
Beginning Balance	22,493,355	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789	3,751,687
Interest Payment	1,237,135	1,087,485	929,605	763,042	587,318	401,928	206,343
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102	3,751,687
Ending Balance	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789	3,751,687	(0)
<u>Analysis of Earnings</u>							
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102	3,751,687
Operating Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	4,704,370
Total Cash Flow (incl Residual Val)	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	118,889,411
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	12.55%	12.55%	15.19%	15.19%	15.19%	15.19%	383.82%
<u>Analysis of Residual Value</u>							
Total Net Earnings							7,992,953
Capitalization Rate							7.00%
Projected Value							114,185,042
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	16,557,442	16,888,591	17,226,363	17,570,890	17,922,308	18,280,754	18,646,369
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	52,366	53,414	54,482	55,572	56,683	57,817	58,973
PILOT Payment	182,715	186,370	190,097	193,899	197,777	201,733	205,767
Less Land Tax	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
Net PILOT	179,133	182,715	186,370	190,097	193,899	197,777	201,733
Municipal %	1,073,773	1,095,248	1,117,153	1,139,496	1,162,286	1,185,532	1,209,243
Municipal Share of PILOT	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
	1,020,084	1,040,486	1,061,296	1,082,522	1,104,172	1,126,256	1,148,781

Hurstmont
3/9/2020

Description	Year	Year	Year	Year	Year	Year
	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>
Total Municipal Share	1,072,451	1,093,900	1,115,778	1,138,093	1,160,855	1,184,072
						<u>30</u>
						1,207,754
IRR						
Yield to Cost	8.865%	8.865%	9.788%	9.788%	9.788%	9.788%
Average YTC						

APPLICATION FOR LONG TERM TAX EXEMPTION

Exhibit D

Estimated Payment in Lieu of Taxes

Year	Estimated Payment in Lieu of Taxes
1	\$105,600
2	\$211,200
3	\$316,800
4	\$422,400
5	\$528,000
6	\$702,696
7	\$713,236
8	\$723,935
9	\$734,794
10	\$745,816
11	\$772,355
12	\$772,355
13	\$779,883
14	\$791,582
15	\$803,455
16	\$923,804
17	\$931,207
18	\$945,175
19	\$959,353
20	\$973,743
21	\$1,019,954
22	\$1,019,954
23	\$1,019,954
24	\$1,033,496
25	\$1,048,998
26	\$1,126,112
27	\$1,126,112
28	\$1,126,112
29	\$1,126,112
30	\$1,130,069
TOTAL	\$24,634,264

D-B-51

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AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

EXHIBIT C

Passed Ordinance #06-2020

**HARDING TOWNSHIP
ORDINANCE #06-2020**

**“AN ORDINANCE OF THE TOWNSHIP OF HARDING, COUNTY OF MORRIS, STATE OF
NEW JERSEY, APPROVING THE EXECUTION OF A FINANCIAL AGREEMENT WITH
HURSTMONT ESTATE URBAN RENEWAL ENTITY, LLC AND DETERMINING VARIOUS
OTHER MATTERS IN CONNECTION THEREWITH”**

WHEREAS, on February 25, 2019, the Township of Harding (the “Township”) pursuant to Township Resolution No. 17-073 designated Lot 2, Block 27, and Lot 1, Block 34 as shown on the Tax Assessment Map 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, the Township by Ordinance 13-2019, enacted June 24, 2019, and Ordinance 18-2019, enacted September 30, 2019, adopted the Glen Alpin/Hurstmont Redevelopment Plan, which sets forth the plan for the Redevelopment Area (the “Redevelopment Plan”); and

WHEREAS, Hurstmont Estate Urban Renewal Entity, LLC, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.* (the “Entity”), proposes to undertake a portion of the redevelopment which initially consists of the construction and operation of an age restricted living community (the “Community”) consisting of 250 units pursuant to the Redevelopment Plan; and

WHEREAS, as a part of the Redevelopment Plan, the northerly portion of the Lot 2, Block 27 (the “Parcel”) is to be redeveloped with approximately 125 Apartment Style Independent Living Units and no more than 85 units designated as Assisted Living Residences and/or units located within the Dementia Care Home (the “Project”), all as defined in the Redevelopment Plan; and

WHEREAS, pursuant to the Long Term Tax Exemption Law of 1992, *N.J.S.A. 40A:20-1 et seq.* (the “Tax Exemption Law”), the Township is authorized to provide for tax exemption within a redevelopment area and for payments in lieu of taxes in accordance with the applicable provisions thereof; and

WHEREAS, the Entity has submitted an application, a copy of which is attached as Exhibit A (the “Exemption Application”) to the Township for a tax exemption with respect to the improvements comprising the Parcel, and payment in lieu of taxes pursuant to the Tax Exemption Law; and

WHEREAS, the Exemption Application contains documentation evidencing financial responsibility and capability with respect to the proposed development; estimated total development costs; estimated time schedule for start and completion of the proposed development; and conceptual plans; and

WHEREAS, the Township evaluated the Exemption Application according to criteria which included financial capabilities, experience, expertise, and project concept descriptions; and

WHEREAS, in order to enhance the economic viability of and opportunity for a successful project, the Township will enter into a Financial Agreement with the Entity governing payments made to the Township in lieu of real estate taxes on the Parcel pursuant to the Tax Exemption Law, and

WHEREAS, the Township made the following findings:

In accordance with the Tax Exemption Law, specifically *N.J.S.A. 40A:20-11*, the Township hereby finds and determines that this Agreement is to the direct benefit of the health, welfare and financial well-being of the Township and its citizens because it allows for the development of a vacant property with an abandoned structure, with limited value on the Township's tax rolls, into a productive, useful and job-creating property, and further:

(a) The costs associated to the Township with the tax exemption granted herein are minor compared to the benefit created by (i) the construction of age-restricted housing units that will be available at a lower cost than would otherwise be the case, (ii) the creation of numerous construction-related jobs, (iii) the provision for affordable housing to be located in the Township, and (iv) the generation of full-time on-site employment.

(b) Without the tax exemption granted herein it is unlikely that the Project would otherwise be undertaken; and

WHEREAS, in order to set forth the terms and conditions under which the Entity and the Township (the "Parties") shall carry out their respective obligations with respect to payment of the Annual Service Charge (as that term is defined in the Financial Agreement attached hereto) by the Entity, in lieu of real property taxes; and

WHEREAS, the Entity owns or will own the Parcel, is qualified to do business under the provisions of the Tax Exemption Law, and has submitted to the Mayor the Exemption Application, which is on file with the Office of the Township Clerk, requesting a tax exemption for the Project; and

WHEREAS, there was also submitted to the Mayor by the Entity a financial agreement on file with the Office of the Township Clerk (the "Financial Agreement") (capitalized terms not defined herein shall have the meaning assigned to such terms in the Financial Agreement); and

WHEREAS, the Mayor has submitted the Application and Financial Agreement to the Municipal Council with his written recommendation of approval (the "Mayor's Recommendation"), a copy of which is attached hereto as Exhibit B;

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

1. The Entity is hereby designated to act as redeveloper for the Project, in accordance with the Redevelopment Plan and the plans and specifications contained in the Application, subject to the conditions and as more fully set forth in the form of Financial Agreement attached hereto.

2. The Exemption Application is hereby approved in accordance with the Mayor's Recommendation, a copy of which is attached hereto as Exhibit B.

3. The Township hereby finds and determines that the Financial Agreement is to the direct benefit of the health, welfare and financial well-being of the Township and its citizens because it allows for the development of a vacant and fallow site, not currently on the Township's tax rolls, into a productive, useful and job-creating property, and further (a) the costs associated to the Township with the tax exemption granted herein are minor compared to the benefit created by (i) the construction of age-restricted housing units that will be available at a lower cost than would otherwise be the case, (ii) the creation of numerous construction-related jobs and (iii) the provision for affordable housing to be located in the Township, and (iv) the generation of full-time on-site employment, and (b) without the tax exemption granted herein it is unlikely that the Project would otherwise be undertaken.

4. An exemption from taxation is hereby granted with respect to the Project for the term set forth in the Financial Agreement, but in no event shall the tax exemption extend beyond the earlier of (i) thirty five (35) years from the date of execution of the Financial Agreement or (ii) thirty (30) years from the date of the last Certificate of Completion (as defined in the Financial Agreement) and only so long as the Entity (and each applicable successor) remains subject to and complies with the Financial Agreement and the Tax Exemption Law. To the extent of any inconsistency with any prior Township ordinance and/or Township Code provision governing the granting of long-term tax exemptions, including, *inter alia*, procedures for application, review and approval, required terms of the financial agreement, required conditions and covenants, limits on duration, means of enforcement, and all other matters whatsoever, such prior Township ordinances and/or Township Code provisions are hereby waived (or, alternatively, shall be deemed to be amended and/or superseded by this ordinance) to the extent of such inconsistency, but only with respect to this Ordinance.

5. The Financial Agreement, in substantially the form attached hereto as Exhibit C, is approved. The Mayor of the Township is hereby authorized to execute, on the Township's behalf, the Financial Agreement in substantially such form, with such editorial changes as the Mayor shall determine, in consultation with the Township's Redevelopment Counsel, such determination to be conclusively evidenced by his execution of the Financial Agreement. The Financial Agreement is not to be signed until the Entity has entered into a Redevelopment Agreement with the Township. The Township Clerk is hereby authorized and directed to attest to the execution of the Financial Agreement by the Authorized Officers of the Township as determined hereunder and to affix the corporate seal of the Township to the Financial Agreement.

6. An executed copy of the Financial Agreement shall be certified by the Township Clerk and filed with the Office of the Township Clerk. The Office of the Township Clerk shall also forthwith file certified copies of this ordinance and the Financial Agreement with the Director of the Division of Local Government Services pursuant to *N.J.S.A. 40A:20-12*.

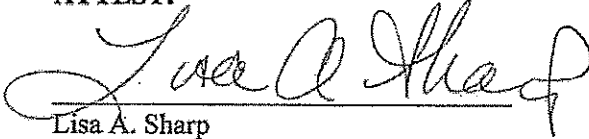
7. Upon the execution of the Financial Agreement as contemplated herein, either the Entity or the Township (through its Authorized Officers and the Township Clerk) may file and record this ordinance and the Financial Agreement with the Morris County Clerk such that the Financial Agreement

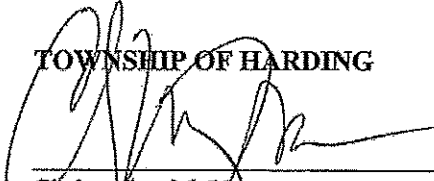
and this ordinance shall be reflected upon the land records of the County of Morris as a lien upon and a covenant running with each and every condominium unit constituting the Parcel.

8. The Authorized Officers of the Township are hereby further severally authorized and directed to (i) execute and deliver, and the Township Clerk is hereby further authorized and directed to attest to such execution and to affix the corporate seal of the Township to, any document, instrument or certificate deemed necessary, desirable or convenient by the Authorized Officers or the Township Clerk, as applicable, in their respective sole discretion, after consulting with the Township's Redevelopment Counsel, to be executed in connection with the execution and delivery of the Financial Agreement and the consummation of the transactions contemplated thereby, which determination shall be conclusively evidenced by the execution of each such certificate or other document by the party authorized hereunder to execute such certificate or other document, and (ii) perform such other actions as the Authorized Officers deem necessary, desirable or convenient in relation to the execution and delivery thereof.

9. This ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

ATTEST:


Lisa A. Sharp
Municipal Clerk

TOWNSHIP OF HARDING

Christopher M. Yates
Mayor

INTRODUCED: April 13, 2020

ADVERTISED: April 16, 2020

PUBLIC HEARING: May 11, 2020

ADOPTED: May 11, 2020

ADVERTISED: May 14, 2020

Vote on Adoption:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN
Ms. DiTosto		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	1st	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Platt		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	2nd	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

EXHIBIT A

APPLICATION

See Financial Agreement
Exhibit B, Page D-28

EXHIBIT B

FINANCIAL AGREEMENT

See Redevelopment Agreement
Exhibit D, Page 73

EXHIBIT C

MAYOR'S RECOMMENDATION



May 4, 2020

RE: Hurstmont Redevelopment Financial Agreements

Dear Committee Members:

We have been engaged in the redevelopment process concerning the Hurstmont and Glen Alpin properties since late 2018, when a study of the properties as to their qualification as areas in need of redevelopment commenced. In the months since we have moved forward with the study, designation of the properties as areas in need of redevelopment, adopted a redevelopment plan, and negotiated with a prospective redeveloper, Hurstmont Estate Acquisition, LLC (the "Redeveloper"), an affiliate of Endeavor Property Group.

We have been assisted in this undertaking by legal, engineering, planning, and financial consulting professionals, as well as our Township Administrator and staff. The redevelopment project has unique attributes in that it is intended to satisfy a portion of the current fair share affordable housing requirements for the Township and to support the private restoration of the Glen Alpin property through the availability of septic treatment in a facility to be located on the Hurstmont property. The Hurstmont property is to be developed with a mix of age restricted townhomes, assisted living units, a dementia care home, and independent living apartments for seniors. The Redeveloper has identified costs related to the topography necessitating excavation and retaining walls, the support of affordable housing and onsite septic treatment that are beyond those customarily confronted by a developer. The Redeveloper will not at this time be involved with the Glen Alpin property.

The Redeveloper has asked for financial assistance from the Township in the form of real estate tax exemption and payments in lieu of taxes ("Pilot") pursuant to the statutes and constitution of the State of New Jersey. Formal applications for the assistance were submitted on March 12, 2020 for a short term, five (5) year program to be applicable to the townhouse component of the project and a long term, thirty (30) year program for the balance of the project. These requests and the financial information provided by the Redeveloper, as requested by the Township's financial consultant, were reviewed by the financial consultant, NW Financial Group, LLC. NW Financial Group, LLC, the Township Committee's Redevelopment Subcommittee, and Township staff have negotiated a tax exemption and Pilot program that I believe is fair and equitable to both the Township and the Redeveloper in that municipal revenues will be enhanced, while providing support for the development of the project beyond that which would be expected solely from private investors.


The resulting project will, as I stated above, resolve a portion of the current round affordable housing requirements pursuant to the settlement embodied in the Superior Court of New Jersey, Conditional Declaratory Partial Judgment of Compliance, entered March 28, 2019, through at least 2025 based on the current state of affairs. The project will also be environmentally sensitive based upon implementation of the requirements of the redevelopment plan. The design and engineering plans for the project will be reviewed by the Township Committee and forwarded to the Planning Board for approval so that there will be controls and accountability concerning compliance with the redevelopment plan.

Before you today are Ordinance No. 06-2020 on Second Reading to approve the long term tax exemption, Ordinance No. 07-2020 on Second Reading to approve a program of short term tax exemption and Pilot in the Township, subject to Township Committee approval by resolution of specific sites, and Resolution No. 20-095

for approval of the townhouse component of the Hurstmont property redevelopment for short term exemption and Pilot.

I have given thorough consideration to the Redeveloper's request and reviewed the documentation assembled to support and implement the redevelopment of the Hurstmont property and corresponding tax exemption programs. As the Mayor of the Township of Harding, it is my recommendation to the Township Committee that it approve the two Ordinances and Resolution on today's agenda concerning the redevelopment of the Hurstmont property and support of the future redevelopment of the Glen Alpin property.

Very truly yours,

A handwritten signature in black ink, appearing to read 'C. Yates', with a long horizontal flourish extending to the right.

Christopher M. Yates
Mayor

21 BLUE MILL ROAD, POST OFFICE BOX 666
NEW VERNON, NEW JERSEY 07976
TELEPHONE (973) 267-8000

MARIAN & ALLAN P. KIRBY MUNICIPAL BUILDING

3/6/2020

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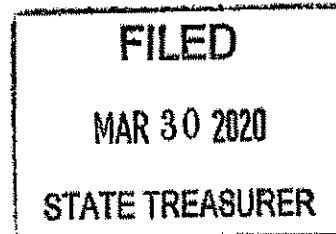
AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

EXHIBIT D

Certificate of Formation

LLC

CERTIFICATE OF FORMATION
OF



HURSTMONT ESTATE URBAN RENEWAL, LLC

This is to certify that there is hereby formed a limited liability company under and pursuant to the New Jersey Limited Liability Company Act and the Long Term Tax Exemption Law.

0600467450

FIRST: The name of the limited liability company is:

HURSTMONT ESTATE URBAN RENEWAL, LLC

SECOND: The address of the initial registered office of the limited liability company in the State of New Jersey is Fourteen Doty Road, Haskell, NJ 07420 and the name of the limited liability company's initial registered agent at such address is: Peter Monaghan,

THIRD: The limited liability company shall have perpetual existence, unless earlier dissolved pursuant to the New Jersey Revised Uniform Limited Liability Company Act or the operating agreement among its members.

FOURTH: The general character of business for which the Limited Liability Company is organized is as follows:

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

S 3090855
S 5400368

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

SIXTH: The limited liability company has been organized to serve a public purpose. Its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced or to be displaced by redevelopment, or the conduct of low and moderate income housing projects; (2) the acquisition, management and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L. 1991, c. 431 (C. 40A:20-1 et seq.); and (3) that it shall be subject to regulation by the Municipality in which the project is situated, 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 P.L. 1991, c. 431 (C. 40A:20-1 et seq.).

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

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

NINTH: Any housing units constructed or acquired by the limited liability company shall be managed subject to the supervision of, and rules adopted by, the Commissioner of Community Affairs.

TENTH: The initial operating agreement of the limited liability company shall be adopted by the members, and the power to make, alter and repeal the operating agreement is reserved to the members.

ELEVENTH: The member has duly appointed Katharine A. Coffey, Esq., with offices at One Jefferson Road, Parsippany, New Jersey 07054, as its attorney-in-fact to execute and file this Certificate of Formation on their behalf.

TWLEFTH: This Certificate of Formation shall be effective as of the date of filing with the Treasurer's Office of the State of New Jersey.

IN WITNESS WHEREOF, the undersigned attorney-in-fact has executed this Certificate of Formation, and hereby affirms that to the best of his knowledge and belief, the facts stated herein are true, as of the 12th day of March, 2020.

K.A. Coffey

Name: Katharine A. Coffey

Attorney for Hurstmont Estate Urban Renewal, LLC



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

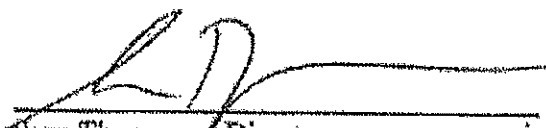
TO: State Treasurer
RE: HURSTIMONT ESTATE URBAN RENEWAL, LLC
File # 2742
An Urban Renewal Entity

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 24th day of March 2020 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By:


Sean Thompson, Director
Local Planning Services

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

EXHIBIT E

Annual Gross Rent Percentage, Tax Percentage, and Stage Full Tax Percentage

Year	Gross Rent Percentage	Tax Percentage	Stage Full Tax Percentage
1-5	10%	0%	0%
6-15	12%	80%	0%
16-21	13%	90%	20%
22-27	13%	90%	40%
28-29	13%	90%	60%
30	13%	90%	80%

REDEVELOPMENT AGREEMENT

EXHIBIT E

SHORT TERM TOWNHOME FINANCIAL AGREEMENT

5/11/2020 Execution Copy
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THIS FINANCIAL AGREEMENT, (“**Financial Agreement**” or “**Agreement**”) is made this 11th day of May, 2020, by and between Hurstmont Estate Acquisition LLC (“**Redeveloper**”) having its principal office located at 14 Doty Road, Unit B, Haskell, New Jersey 07420, and the **TOWNSHIP OF HARDING**, a public body corporate and politic of the State of New Jersey, having its principal office located at 21 Blue Mill Road, New Vernon, New Jersey 07976 (the “**Township**”, together with **Redeveloper**, the “**Parties**”).

RECITALS

WHEREAS, the Township Committee of the Township of Harding has adopted by Ordinance Number 13-2019 enacted June 24, 2019 and Ordinance Number 16-2019 enacted September 30, 2019, a certain Glen Alpin/Hurstmont Redevelopment Plan (the “**Redevelopment Plan**”); and

WHEREAS, the Redevelopment Plan was adopted with respect to certain lands designated as Lot 2, Block 27, and Lot 1, Block 34 as shown on the Tax Assessment Map of the Township of Harding (the “**Area in Need of Redevelopment**”); and

WHEREAS, this Financial Agreement concerns the southerly portion of Lot 2, Block 27 depicted as Proposed Lot 2 on **Exhibit A** attached hereto and made a part hereof (the “**Property**”); and

WHEREAS, on May 11, 2020, the Township and the Redeveloper entered into a Redevelopment Agreement (the “**Redevelopment Agreement**”) for a redevelopment of the Property; and

WHEREAS, the Property is to be redeveloped with approximately 125 Apartment Style Independent Living Units and no more than 85 units designated as “Assisting Living

Residences” and/or units located within the Dementia Care Home and 40 Market Rate Townhomes (“Townhomes Unit”) all as defined in the Redevelopment Plan and

WHEREAS, the Project may be developed in two or more phases (each a “**Project Phase**”); and

WHEREAS, there will be developed a combination of 40 Affordable Housing Units within the Independent Living Units, Assisted Living Units and Dementia Care Home; and

WHEREAS, the Septic Treatment Facility described in Section 4.16 of the Redevelopment Agreement will be designed to and will accommodate the septic demand of the redeveloped historic Glen Alpin property located on Lot 1, Block 34; and

WHEREAS, the redevelopment of the Property requires extraordinary costs related to excavation, removal of fill, retaining walls, the Septic Treatment Facility, the set aside of approximately 2.5 acres for open space, the construction of a section of the regional Patriot’s Path walking trail, off-site traffic improvements, exterior building façade finishes and restoration of historic ornamental garden features; and

WHEEAS, this Agreement will assist Redeveloper in meeting the extraordinary costs associated with development of 40 Affordable Housing Units, as recognized in *N.J.S.A. 40A:21-3(j)*, to facilitate the redevelopment of the Property; and

WHEREAS, terms not otherwise defined in these recitals shall have the meaning ascribed to them in Section 1.2 of this Agreement; and

WHEREAS, Section 5.2 of the Redevelopment Agreement provides that the Township would, subject to certain conditions set forth therein, negotiate and enter into an agreement for a tax exemption and payments in lieu of taxes, pursuant to the Five Year Exemption and

Abatement Law, *N.J.S.A.* 40A:21-1, *et. seq.* (the “**FYEAL**”) with the Redeveloper for the 40 Townhomes; and

WHEREAS, pursuant to Section 9 of the FYEAL, on March 12, 2020, Redeveloper filed an application for tax exemption and abatement for the Property (the “**Application**”), a copy of which is attached hereto as **Exhibit B**; and

WHEREAS, the Township has determined that the Project will result in significant benefits to the Township, including:

- (i) the provision for affordable housing to be located within the Township;
- (ii) the development of a mix of senior related housing and health care opportunities within the Township;
- (iii) the expansion of the Patriot’s Path walking trail;
- (iv) the provision for additional preservation of open space;
- (v) accommodating the septic demand of the redeveloped historic Glen Alpin property;
- (vi) the creation of jobs during construction; and
- (vii) new business that will contribute to the economic growth of the Township, and the Project can result in significant benefits to the Township which are far greater to the Township than the cost, if any, associated with the grant of a tax exemption and abatement for the Property; and

WHEREAS, this Agreement will assist Redeveloper to facilitate the marketing of the Units with the intention to effect a stabilization of the Project; and

WHEREAS, on May 11, 2020, the Township adopted Resolution No. 095-2020 (the “**Resolution**”) approving this Financial Agreement, a copy of which is attached hereto as **Exhibit C**.

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

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the FYEAL and the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the “**LRHL**”), and any other applicable state, federal or local laws, rules, regulations, statutes and ordinances applicable to the Project (“**Applicable Law**”). This Agreement shall also be governed by the Resolution, pursuant to which the Township approved the Tax Exemption, In lieu of Tax Payments and Municipal Benefits Payments, and authorized the execution of this Agreement.

Section 1.2 General Definitions

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

Affordable Unit – shall mean any residential Unit other than a Unit offered for market rents or charges, including but not limited to a residential Unit that is subject to restrictions on sale price, rental price, or purchaser income.

Certificate of Occupancy – A document issued by the Township authorizing the permanent occupancy of a building, whether in whole or in part, pursuant to *N.J.S.A. 52:27D-133*, and any other Applicable Law.

Certificate of Completion – A determination by the Township made with respect to the entire Project or Project Phase thereof that the construction activities entailed are completed in all material respects and that the entire Project or Project Phase is ready for its intended use. The date for issuance of the Certificate of Completion shall ordinarily mean the date upon which the phase of the Project receives, or is eligible to receive, its last permanent Certificate of Occupancy.

Effective Date – The date upon which the last party executes this Agreement.

Improvements – Any building, structure or fixture permanently affixed to the Land or any structure or fixture affixed to the Property and to be constructed as part of the Project.

In Rem Tax Foreclosure or Tax Foreclosure – A summary proceeding by which the Township may enforce a lien for real estate taxes due and owing by tax sale, under *N.J.S.A. 54:5-1 et seq.* and/or any other Applicable Law.

Land Taxes – The amount of taxes (including municipal, county and school) assessed on the value of land on which the Improvements are located.

Land Tax Payments – Payments made on the quarterly due dates for Land Taxes as determined by the Township Tax Assessor and the Township Tax Collector.

Owner – Each and every owner, whether in fee simple or otherwise, of any portion of the Property, Townhome Unit or Improvement related thereto, other than a Successor Townhome Unit Purchaser, regardless of whether such owner shall be Redeveloper or a subsequent urban renewal entity, as the same is defined in the LTTE and pursuant to the terms set forth herein, or any other company, entity or person.

Redeveloper – Hurstmont Estate Acquisition LLC, a New Jersey limited liability company established and operated pursuant to the laws of the State of New Jersey, or any successor in interest of the Project in whole or in part, provided such successor(s) in interest is formed and is operated under Applicable Law and the transfer has been duly approved by the Township pursuant to the Redevelopment Agreement.

Substantial Completion - shall mean as to the entire Project or Project Phase that it has been constructed in accordance with the Redevelopment Agreement is that each Townhome Unit has received either a Certificate of Occupancy or are eligible to receive a Certificate of Occupancy. A Townhome Unit is not eligible for a final C/O until such time as the building has been constructed to substantially conform with the building plans and specifications approved by the Township and to be in habitable condition on a permanent basis.

Successor Townhome Unit Purchaser – A purchaser of a for sale Townhome Unit of the Project, who pursuant to *N.J.S.A. 40A:20-14*, shall continue to be subject to the provisions of this Financial Agreement.

Term – is defined in Section 3.1.

Termination – the expiration of the term of this Agreement in accordance with Section 3.1 or Section 11.1 hereof which by operation of the terms of this Financial Agreement shall cause the relinquishment of the tax exemption applicable to any Improvement, including any Unit.

Townhome Unit – one of the residential townhome dwellings to be built as part of the Project, the tax exemption upon which shall continue and inure to the benefit of any Successor Townhome Unit Purchaser, its successor and assigns in accordance with the terms hereof.

ARTICLE II – APPROVAL

Section 2.1 Approval of Tax Exemption

The Township hereby grants its approval for this Financial Agreement and the Five-Year Exemption and Abatement for the Improvements to be constructed upon the Property in the Project Phase for the 40 Market Rate Townhome Units in accordance with the terms and conditions of this Financial Agreement and the provisions of the FYEAL (the “**Tax Exemption**”). During the term of the Tax Exemption and this Agreement, as provided for in Section 3.1 of this Agreement, Redeveloper or the Successor Townhome Unit Owner shall make an in lieu of tax payment in accordance with the provisions set forth in Section 4.1 of this Agreement and Redeveloper shall make Municipal Benefits Payments to the Township in accordance with the provisions set forth in Article IV of this Agreement.

Section 2.2 Approval of Redeveloper

Approval is hereby granted to Redeveloper, a copy of whose Certificate of Formation is attached and annexed hereto as **Exhibit D**.

Section 2.3 Improvements to be Constructed; Redevelopment Agreement

Redeveloper represents that it will construct and complete the Project in accordance with the terms and conditions of the Redevelopment Agreement, Redevelopment Plan dated September 30, 2019, and shall comply with the provisions of all Applicable Laws.

Section 2.4 Ownership, Management and Control

Redeveloper represents that it is or prior to the Certificate of Occupancy, will become the owner of the Property upon which the Project will be constructed.

Section 2.5 Financial Plan.

The Improvements shall be financed in accordance with the financial plan, as more specifically described in the Application. The plan sets forth the estimated Total Project Cost, the source of funds and the source and amount of paid-in capital.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term.

So long as there is compliance with the FYEAL and this Agreement, this Agreement shall remain in effect for five (5) years from the date of the Certificate of Occupancy for each Townhome Unit of the Property, subject to the further limitations and agreements contained

herein, and shall only be effective and in force during the period while the Improvements are owned by the Redeveloper or Townhome Units are owned by Successor Townhome Unit Purchasers, which Successor Townhome Unit Purchasers shall assume the benefits of this Agreement (the “**Term**”). After the expiration of the Term or termination by Redeveloper or Successor Townhome Unit Purchaser, as applicable, pursuant to *N.J.S.A. 40A:21-12*: (i) the Tax Exemption for the Improvements shall expire and the Property and the Improvements shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Township, and (ii) all restrictions and limitations upon Redeveloper shall terminate. Provided, however, that after the conveyance of the first Townhome Unit to a Successor Unit Owner, Redeveloper may not terminate this Agreement.

ARTICLE IV – IN LIEU OF TAX PAYMENTS

Section 4.1 Tax Payments

Redeveloper agrees to make payments (“**In lieu of Tax Payments**”), and to inform each Successor Townhome Unit Purchaser of its obligation to make such In lieu of Tax Payments on each Townhome Unit to be constructed on the Property, in lieu of full property tax payments according to the following schedule for each individual Townhome Unit:

- (a) Commencing from the first full tax year (January 1) after the completion of an individual Townhome Unit, ninety (90) percent of the actual taxes otherwise done;
- (b) For the second full tax year after the completion of an individual Townhome Unit, ninety (90%) percent of the actual taxes otherwise due;

- (c) For the third full tax year after the completion of an individual Townhome Unit, ninety (90%) percent of the actual taxes otherwise due;
- (d) For the fourth full tax year after the completion of an individual Townhome Unit, ninety (90%) percent of the actual taxes otherwise due; and
- (e) For the fifth full tax year after the completion of an individual Townhome Unit, ninety (90%) percent of the actual taxes otherwise due.

Redeveloper expressly agrees that the Tax Payments shall be paid in quarterly installments on those dates when ad valorem real estate tax payments are due.

Redeveloper shall have the right to appeal the real property tax assessment in any and/or every year in which this Agreement is in effect.

Section 4.2 Municipal Benefits Payment

In addition to Tax Payments and for the duration of the Tax Exemption and this Agreement, Redeveloper shall pay to the Township 2.5% of the portion of any sale price to a Successor Townhome Unit Owner in excess of one million seven hundred-fifty thousand dollars (\$1,750,000.00) as set forth in the deed of conveyance for each Unit ("**Municipal Benefits Payment**").

Section 4.3 Material Conditions

It is expressly agreed and understood that the timely payments of the Tax Payments, including adjustments thereto, and any interest thereon, the Municipal Benefits Payment and

the Tax Exemption granted herein are material conditions ("**Material Conditions**") of this Agreement.

Section 4.4 Other Municipal Services

Nothing herein shall exempt Redeveloper from the payment for any municipal services rendered to the Property that are ordinarily assessed to tax payers outside of and in addition to ad valorem taxes. Redeveloper shall timely pay for municipal services rendered to the Property, and the Township shall retain the right to pursue all remedies to collect such payments, including the right to institute collection through a tax lien sale pursuant to *N.J.S.A. 54:5-1 et seq.*

ARTICLE V – CERTIFICATE OF OCCUPANCY

Section 5.1 Certificate of Occupancy

It shall be the obligation of Redeveloper to make application for and make all commercially reasonable efforts to obtain all Certificates of Occupancy in a timely manner. It shall be the primary responsibility of Redeveloper to forthwith file with the Tax Assessor, the Tax Collector and the Township Manager, a copy of any Certificate of Occupancy.

In the event that Redeveloper fails to secure Certificates of Occupancy in a timely manner after Substantial Completion of the Project or a Project Phase, as determined by the Township in its sole discretion and Redeveloper has not obtained the Certificates of Occupancy within sixty (60) days after the Township has provided notice to Redeveloper of the Project Phases Substantial Completion, the unsold Townhome Units shall be subject to full taxation (ordinary applicable taxes) for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained, unless Redeveloper's application for a Certificate

of Occupancy is pending or the delay in issuance of the Certificate of Occupancy is a result of Force Majeure events as set forth in the Redevelopment Agreement.

ARTICLE VI – CESSATION OR DISPOSITION OF PROPERTY

Section 6.1 Failure of Conditions; Disposition of Property

Pursuant to Section 12 of the FYEAL, if during any tax year prior to the termination of this Financial Agreement, Redeveloper ceases to operate or disposes of the Property (with the exception of the sale of individual Townhome Units) or otherwise fails to meet the conditions of eligibility, the tax otherwise due if there had been no exemption shall become due and payable by the owner(s) of the Property. The Tax Assessor shall notify the Property owner(s) and the Tax Collector forthwith and the Tax Collector shall within fifteen (15) days thereof notify the owner(s) of the Property of the amount of taxes due.

However, with respect to the disposal of the Property, where it is determined that the new owner of the Property will continue to use the property pursuant to the conditions which qualified the Property, no tax shall be due and the exemption shall continue, and the Agreement shall remain in effect, as assigned to such new owner.

ARTICLE VII – COUNTY EQUALIZATION AND SCHOOL AID

Section 7.1 County Equalization; Valuation of Property

The percentage which the payment in lieu of taxes for the tax exempt Property bears to the property tax which would have been paid had an exemption not been granted for the Property under this Agreement, shall be applied to the valuation of the Property to determine the reduced valuation of the Property to be included in the valuation of the Township for determining equalization for County tax apportionment and school aid, during the term of the tax exemption

agreement covering this Property. At the expiration or termination of this Agreement, the reduced valuation procedure required under the law shall no longer apply.

ARTICLE VIII - SALE OF PROJECT

Section 8.1 Approval

Redeveloper may sell the Project or any portion thereof and transfer this Financial Agreement, provided that: (a) the transfer complies with the terms of Sections 7.3, 7.4, and 7.5 of the Redevelopment Agreement, (b) the transfer is in compliance with the Redevelopment Agreement, this Agreement and the FYEAL, (c) Redeveloper's obligations under this Financial Agreement are fully assumed by the transferee on a going forward basis and (d) the transferee abides by all terms and conditions of this Agreement including, without limitation, the filing of an application pursuant to *N.J.S.A. 40A:20-8*. This Section 8.1 shall not apply to the sale and transfer of the Townhome Units, which are hereby expressly authorized.

ARTICLE IX-COMPLIANCE

Section 9.1 Operation

During the term of this Financial Agreement, the Project shall comply with all applicable federal, state and local laws and regulations.

ARTICLE X - DEFAULT

Section 10.1 Cure Upon Default

If any party to this Financial Agreement breaches the terms or conditions contained in this Financial Agreement or in the Redevelopment Agreement, then the aggrieved party shall send a

written default notice to the other party ("**Default Notice**"). The Default Notice shall set forth with particularity the basis of the alleged default. In the event of a monetary default by the Redeveloper, the Redeveloper shall have ten (10) days to cure such monetary default. The party in breach shall have forty-five (45) days, from receipt of the Default Notice, to cure any non-monetary default. However, if in the reasonable opinion of the non-defaulting party, the default cannot be cured within forty-five (45) days using reasonable due diligence and with continuity of purpose, the non-defaulting party will extend the time to cure. Upon the expiration of the forty-five (45) day cure period set forth above, or upon the expiration of any extension period, the aggrieved party shall have the right to terminate this Financial Agreement in accordance with Article XI hereof.

Section 10.2 Remedies for Default in Payment

The Township shall be entitled to all remedies to collect such payments, including the right to sell a tax sale certificate and proceed against a Unit or the Property (excluding Units previously conveyed) pursuant to In Rem Tax Foreclosure in accordance with Applicable Law. The failure to make such payments shall not be subject to the dispute resolution procedures as provided in Section 12.1.

Section 10.3. As to Successor Townhome Unit Purchasers.

The failure of the Successor Townhome Unit Purchasers to make the requisite In lieu of Tax Payment within thirty (30) days of the due date shall, following written notice to the Successor Townhome Unit Purchaser, constitute a violation and breach of this Agreement by the Successor Townhome Unit Purchaser, and the Township shall, among its other remedies,

have the right to proceed against the Unit of the individual Successor Townhome Unit Purchaser pursuant to the In Rem Tax Foreclosure Act, *N.J.S.A. 54:55-1 et. seq.* In addition, the Township may terminate this Agreement as to the Successor Townhome Unit Purchaser by duly authorized action of the Township after having provided the Successor Townhome Unit Purchaser with a Default Notice and expiration of any cure period. Any default arising out of the failure of the Successor Townhome Unit Purchaser to pay any of its obligations under this agreement shall be subject to the default procedural remedies as provided in Section 10.2 of the Agreement herein. A default by a Successor Townhome Unit Purchaser shall not be deemed a default of Redeveloper, any Owner or any other Successor Townhome Unit Purchaser and this Agreement and the exemption shall continue in full force and effect as to Townhome Units owned by the Redeveloper, Owner, and all non-defaulting Successor Townhome Unit Purchasers. A default by Redeveloper or any Owner, shall not be deemed a default by any Successor Townhome Unit Purchaser and this Agreement and the exemption shall continue in full force and effect as to Townhome Units owned by all non-defaulting Successor Townhome Unit Purchasers.

ARTICLE XI-TERMINATION

Section 11.1 Termination Upon Default

In the event that the defaulting party fails to cure or remedy a default within the time period provided in Article 10, hereof, the aggrieved party may terminate this Financial Agreement as to a defaulting party by written notice of such termination to the party in breach.

Section 11.2 Taxes after Termination Date

After the termination date, the Tax Exemption for the Project shall expire, and the Improvements shall thereafter be assessed and conventionally taxed according to the Applicable Law regarding other nonexempt taxable property in the Township.

ARTICLE XII - DISPUTE RESOLUTION

Section 12.1 Mediation

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

mediator shall also have the right to terminate the mediation if the mediator shall determine that the efforts to reach a settlement are likely to be futile. The parties agree to share the burden of the mediator's compensation equally amongst the parties participating in the mediation and each agrees to pay its share pursuant to the mediator's invoice to be rendered at completion or termination of the mediation process.

ARTICLE XIII - WAIVER

Section 13.1 Waiver

Nothing contained in this Financial Agreement or otherwise, or any action or non-action shall constitute a waiver or relinquishment by an aggrieved party of any rights and remedies, including, without limitation, the right to terminate the Financial Agreement subject to the qualifications set forth elsewhere in this Financial Agreement for violation of any of the obligations provided herein. Nothing herein or any action or non-action shall be deemed to limit any right of recovery of any amount which the aggrieved party has under any Applicable Law, or in equity, or under any provision of this Financial Agreement.

ARTICLE XIV - NOTICE

Section 14.1 Notices

Formal notices, demands and/or communications between the Township and the Redeveloper and from the Redeveloper to the Township or from the Township to the Redeveloper (as required herein) shall be deemed sufficiently served if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt

requested, and shall be deemed delivered upon receipt. Formal notices may also be sent by a commercial overnight delivery service with package tracking capability and proof of delivery is available. In this case such notice is deemed to be effective upon delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by written notice. Informal communications may be carried out by regular mail.

Copies of all notices, demands and communications shall be sent as follows:

- (a) In case of the Township:
Township of Harding
21 Blue Mill Road, New Vernon
Morris, New Jersey 07976
Attn: Robert Falzarano

With a Copy to:

(if by mail)
John H. Hague, Esq.
Greenbaum Rowe Smith Davis, LLP
Metro Corporate Campus One
P.O. Box 5600
Woodbridge, New Jersey 07095

(if by delivery)
John H. Hague, Esq.
Greenbaum Rowe Smith Davis, LLP
99 Wood Avenue South
Iselin, New Jersey 0795-0988

(b) In the case of the Redeveloper:
Hurstmont Estate Acquisition LLC
14 Doty Road, Unit B
Haskell, NJ 07420
Attn: Peter H. Monaghan

With a Copy to:

Katharine A. Coffey, Esq.
Day Pitney
One Jefferson Road
Parsippany, NJ 07054

Section 14.2 Notice to the DCA

In accordance with Section 11(d) of the FYEAL, the Township shall, within thirty (30) days after the execution of this Agreement, forward a copy of the agreement to the Director of the Division of Local Government Services in the Division of Consumer Affairs.

ARTICLE XV - SEVERABILITY

Section 15.1 Severability

(a) If any term, covenant or condition of this Financial Agreement or the Application 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 the Applicable Law.

(b) If any provision of this Financial Agreement shall be judicially declared to be invalid or unenforceable, and provided that a default has not been declared that has continued uncured after notice and expiration of the grace period provided in this Agreement, the Parties and each of them shall cooperate with each other to take the actions reasonably required to restore the Financial Agreement in a manner contemplated by the Parties. This shall include, but not be limited to the authorization and re-execution of this Financial Agreement in a form reasonably drafted to effectuate the original intent of the Parties.

ARTICLE XVI - MISCELLANEOUS

Section 16.1 Construction

This Financial Agreement shall be governed, construed and enforced in accordance with the FYEAL and other Applicable Laws of the State of New Jersey and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this

Financial Agreement to be drawn since counsel for both Redeveloper and the Township, respectively have combined in review and approval of same.

Section 16.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in this Financial Agreement, this Financial Agreement shall govern and prevail. In the event of conflict between this Financial Agreement and the FYEAL, the FYEAL shall govern and prevail.

Section 16.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Financial Agreement. This Financial Agreement, the Resolution authorizing the execution of the Financial Agreement, and the Application constitute the full agreement between the parties.

Section 16.4 Modification

There shall be no modification of this Financial Agreement except by virtue of a written instrument(s) executed by and between both parties and approved by ordinance.

Section 16.5 Entire Agreement

This Financial Agreement, the Resolution, the Application and all Exhibits attached to each of the foregoing are incorporated into this Financial Agreement and made a part hereof and collectively constitute the entire agreement between the Parties with respect to the tax exemption for the Project.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day
and year first above written.

Witness:

HURSTMONT ESTATE ACQUISTION LLC

By: _____

By: _____

Peter H. Monaghan
Manager

Witness:

TOWNSHIP OF HARDING

By: _____

Lisa Sharp
Township Clerk

By: _____

Christopher Yates, Mayor

SHORT TERM TOWNHOME FINANCIAL AGREEMENT

EXHIBIT LIST

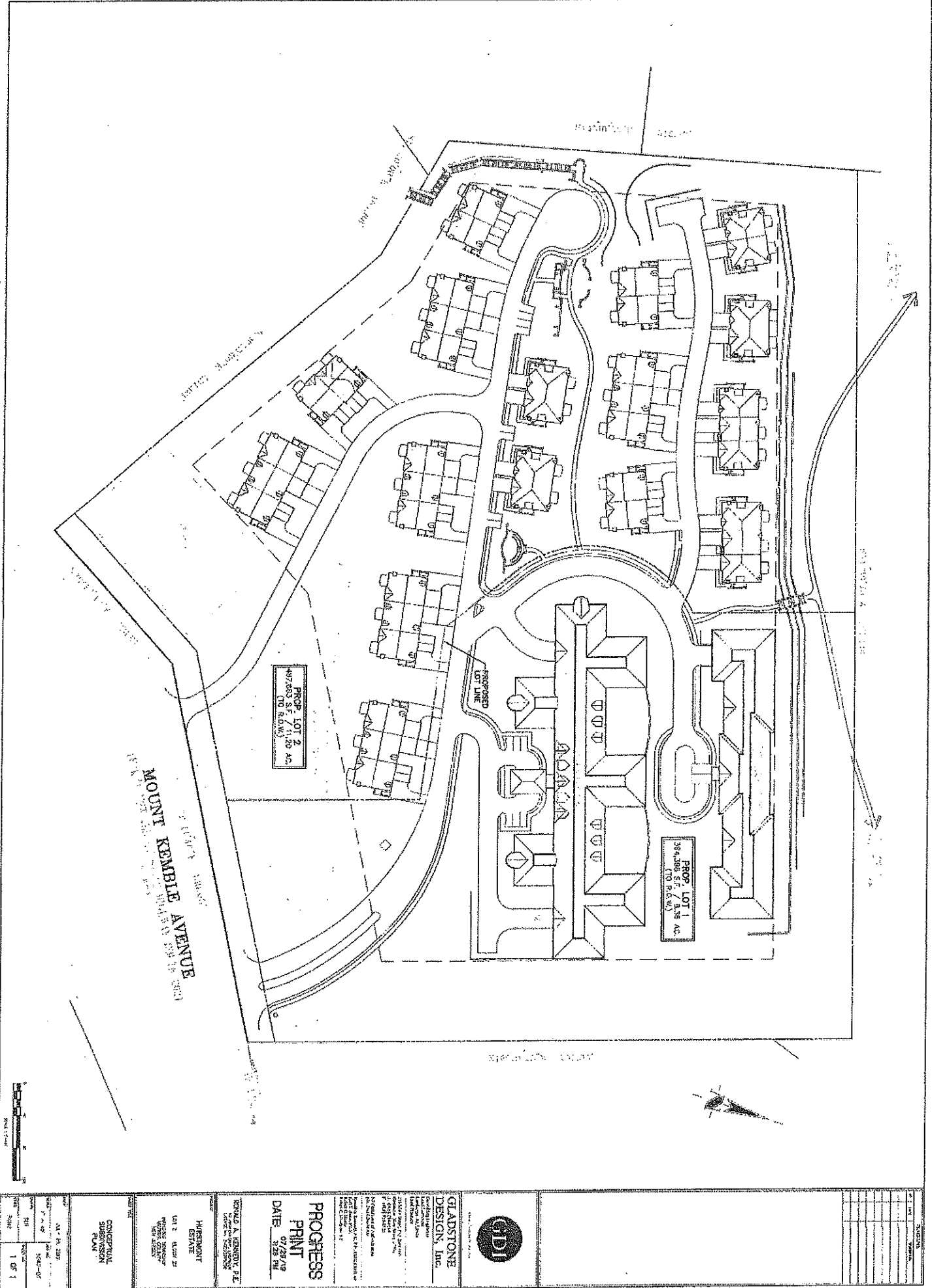
- A. Description of the Property
- B. Application for Tax Exemption
- C. Resolution Approving Tax Exemption
- D. Certificate of Formation

SHORT TERM TOWNHOME FINANCIAL AGREEMENT

EXHIBIT A

Description of the Property

Subject to the approval of the Harding Township Fire Department, the southerly cul-de-sac shall be revised to be a K-turn.



PROGRESS PRINT DATE 07/28/19 TIME 3:25 PM		GLADSTONE DESIGN, Inc. 2100 Main Street, P.O. Box 100 Gladstone, NJ 07033 Tel: 201-761-1234 Fax: 201-761-1235 www.gladstone-design.com		REVISED A. JENNIFER P.E. Landscape Architect Landscape Architect Landscape Architect	
CONCEPTUAL SUBMISSION PLAN		HURDLENT ESTATE LOT 2: 467,663 TO 516,600 AC. LOT 1: 364,580 TO 646,000 AC.		DATE: 07/28/19 TIME: 3:25 PM	
1 OF 1					

SHORT TERM TOWNHOME FINANCIAL AGREEMENT

EXHIBIT B

Application for Tax Exemption

(See Attached)

APPLICATION FOR TAX ABATEMENT / EXEMPTION

TOWNSHIP OF HARDING
21 BLUE MILL ROAD
NEW VERNON, NEW JERSEY 07976

Hurstmont Estate Acquisition LLC

Name of Applicant

14 Doty Road, Unit B
Haskell, NJ 07420

Address of Applicant

679 Mt. Kemble Avenue,
Morristown, NJ 07960
Address of Project Site

THE UNDERSIGNED, ON BEHALF OF AND WITH THE POWER AND INTENT TO BIND THE APPLICANT, HEREBY CERTIFIES TO THE TOWNSHIP AS FOLLOWS, AND HEREBY ACKNOWLEDGES THAT THE STATEMENTS CONTAINED HEREIN ARE MADE IN INDUCEMENT OF A TAX ABATEMENT / EXEMPTION PURSUANT TO THE APPLICABLE LAW.

This Application is submitted pursuant to the Five-Year Exemption and Abatement Law (N.J.S.A. 40A:21-1 et. seq.)

SECTION A: APPLICANT INFORMATION

- 1. Name of Applicant:** Hurstmont Estate Acquisition LLC
- 2. Address of Applicant:** 14 Doty Road, Unit B, Haskell, NJ 07420
- 3. If applicable, attach hereto a copy of the Applicant's Certificate of Formation.**

Please find attached as Exhibit A.

SECTION B: PROPERTY INFORMATION

- 4. Identification of Property:**
 - a. State the street address of the proposed project site (the "Project Site"), according to the currently effective tax map of the Township (the "Official Map"): 760 Mt. Kemble Road, Morristown, NJ 07960
 - b. State the block(s) and lot number(s) corresponding to the Project Site on the Official Map: Lot 27 Block 2
 - c. Provide a metes and bounds description of the Project Site:

ALL that certain lot, parcel or tract of land, situate and lying in the Township of Harding, County of Morris, State of New Jersey, and being more particularly described as follows:

Beginning at a point at the intersection of the old centerline of Mount Kemble Avenue (a.k.a. N.J. State Highway Route 202) (also known as the old centerline of Morristown - Bernardsville Road) with the Westerly line of lands formerly of Paul Feakins and running thence;

1) Along the Westerly line of Feakins North 18°-29'-20" West 757.85' to a monument, thence;

2) Along the lands formerly of the Mt. Kemble Corp. South 71°-30'-40" West 1078.36' to a iron pin, thence;

- 3) Along the lands formerly n/f of J.M. Davies and L. & S. Jean South 14°-06'-50" East 515.77' to a wood monument, thence;
- 4) Along said Jean lands and lands formerly of Doris Farid, South 77°-29'-00" East 164.88' to a marble monument, thence;
- 5) Still along the lands formerly of Farid, South 58°-25'-00" East 531.00' to a point in the old centerline of Mt. Kemble Avenue, thence;
- 6) Along the old centerline of Mount Kemble Avenue North 29°-18'-40" East 223.67' to an angle point, thence;
- 7) Still along the old centerline of Mount Kemble Avenue North 59°-41'-40" East 480.05' to the point and place of beginning.

Note: For Informational Purposes Only: BEING Lot 2 Block 27 on a Tax Map of the Township of Harding, County of Morris.

BEING the same premises which Edith Kurlan, by Deed dated 09/11/1996 and recorded 09/19/1996 in the Morris County Clerk's Office in Deed Book 4444, Page 328, granted and conveyed unto Edith Kurlan, in Trust for Matthew Kurlan.

AND ALSO BEING the same premises which Matthew Kurlan, by Deed dated 02/15/2011 and recorded 03/11/2011 in the Morris County Clerk's Office in Official Record Book 21756, Page 1950, granted and conveyed unto Edith Kurlan

AND ALSO BEING the same premises which Edith Kurlan, Unmarried, by Deed dated 02/15/2011 and recorded 03/11/2011 in the Morris County Clerk's Office in Official Record Book 21756, Page 1956, granted and conveyed unto Harding Holdings PM, LLC.

5. Current Assessment Status of the Project Site:

BLOCK	LOT	LAND	IMPROVEMENTS	TOTAL
27	2	\$8,027.14	\$20,131.20	\$28,158.34

SECTION C: PROJECT INFORMATION

6. Provide a statement describing the nature and purpose of the proposed project. Include a detailed description of the improvements to be made to the Project Site.

Project Overview – The property consisting of approximately 20 acres will be developed in two distinct phases on a sub-divided property to provide for forty (40) for-sale townhomes along with two hundred and ten (210) senior apartments, as may be modified in accordance with the Redevelopment Plan. The project will also consist of a community septic system that will serve the septic needs of the entire development along with being over-sized to accommodate the

future septic needs of the Glen Alpin Estate.

Townhomes – The forty (40) townhomes will be developed in multiple phases/buildings generally consisting of 2-4 units per building. The townhomes will be age-restricted with at least one person being 55 years or older.

Senior Rental Community – The two hundred and ten (210) senior apartments will be comprised of 125 independent living apartments, 61 assisted living apartments and 24 memory care apartments. The senior community will consist of forty (40) affordable units with thirty-one (31) affordable independent living apartments along with nine (9) affordable assisted living units serving as Medicaid “set-aside” units.

Redevelopment Plan Goal – Highlights

- The intended redevelopment of the former Hurstmont estate will bring a productive use to a site that has been left to decay for more than two decades and with the partial demolition, has turned into a hazard and an eyesore for the community.
- The Plan intends to minimize environmental disturbance by providing for tree conservation areas and building with respect to all environmental features on the site.
- The redevelopment of the former Hurstmont estate will bring jobs and housing options to the residents of Harding Township and New Jersey.
- The easements, setbacks, and conservation areas within this Plan will continue to protect the environment surrounding the Area, including the Morristown National Historical Park.
- Construction of affordable, age-restricted housing helps to fulfill the Township’s affordable housing obligations while also providing housing options for seniors of all income groups.
- The proposed walking trail will enhance the open space and recreational opportunities for the residents of the Area, Harding Township, and New Jersey.
- The Redevelopment Area is located directly on Route 202 (Mt. Kemble Avenue) and is near entrances to I-287. The Plan calls for the preservation and adaptive reuse of a previously unused historical building, turning it into a

productive property once again, as well as the redevelopment of an underutilized and dilapidated property. Redevelopment of the Area is consistent with good planning principles and integrated land use planning and implementation.

7. Provide a statement of the reasons for seeking tax exemption and abatement on the proposed project, and a description of the benefits to be realized by the Applicant if a tax agreement is granted.

The tax exemption will assist Redeveloper in marketing the Townhome Units by effecting a stabilization of the Project. The Townhome Units are an important part of the Project, which yields significant benefits to the Township, including:

- (i) the provision for affordable housing to be located within the Township;
- (ii) the development of a mix of senior related housing and health care opportunities within the Township;
- (iii) the expansion of the Patriot's Path walking trail;
- (iv) the provision for additional preservation of open space;
- (v) accommodate the septic demand of the redeveloped historic Glen Alpin property;
- (vi) the creation of jobs during construction; and
- (vii) new business that will contribute to the economic growth of the Township, and the Project can result in significant benefits to the Township which are far greater to the Township than the cost, if any, associated with the grant of a tax exemption and abatement for the Property.

8. Describe the number, classes and type of employees to be employed at the Project Site within two years of completion of the project.

The Townhome Unit portion of the Project Site will not have any employees two years after completion of the project. The Senior Rental Community on the Project Site will have approximately 105 employees in three shifts.

9. If the project is a commercial or industrial structure, provide a description of any lease agreements between the Applicant and proposed users of the project, and a history and description of the users' businesses. N/A

10. If the project is a multiple dwelling, provide a description of the number and types of dwelling units to be provided, a description of the common elements or general common elements and a statement of the proposed initial rentals or sales prices of the dwelling units according to type and of any rental lease or resale restrictions to apply to the dwellings' units respecting low or moderate income housing.

The forty (40) townhomes will be developed in multiple phases/buildings generally consisting of 2-4 units per building. Common elements include roadways, a septic treatment plant, and a stormwater basin. Redeveloper is targeting an initial sales price of \$1,750,000.00. No affordability restrictions are anticipated for the Townhome units. The Townhome Units will be age-restricted with at least one person being 55 years or older in each Unit.

11. Provide copies of the concept plans, drawings and other documents to demonstrate the structure and design of the proposed project.

Please see attached subdivision plan attached as Exhibit B, depicting the layout of Townhome Units.

12. Provide the currently estimated project schedule, including the anticipated project completion date.

Please see proposed estimated Development Schedule, attached as Exhibit C.

13. Provide estimates of the cost of completing the proposed project.

Please see estimated project cost, attached as Exhibit D.

14. Detail the source, method and amount of money to be subscribed through the investment of private capital, setting for the amount of stock or other securities to be issued therefore or the extent of capital invested and the proprietary or ownership interest obtained in consideration therefore.

Land Equity – 20.26%	\$14,000,000
Cash Equity – 6.17%	\$4,267,178
Construction Debt – 73.57%	\$50,837,194

SECTION D: TAX ABATEMENT / EXEMPTION

15. Attach a fiscal plan for the proposed project outlining a schedule of annual gross revenue, the estimated expenditures for operation and maintenance, and payments of interest, amortization of debt and reserves, and payments to the Township to be made pursuant to a financial agreement to be entered into with the Township.

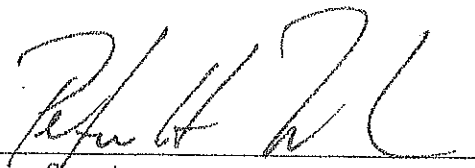
Please see Exhibit E for Fiscal Plan.

16. Provide a statement showing: (1) the real property taxes currently being assessed at the Project Site; (2) estimated tax payments that would be made annually by the Applicant on the project during the period of the tax agreement; and (3) estimated tax payments that would be made by the Applicant on the project during the first full year following the termination of the tax agreement.

Please see Exhibit F for estimated tax statement.

17. Attach a proposed form of Financial Agreement.

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


Signature

PETER H. MONAGHAN - Authorized
Print Name and Title Signature

3-12-20
Date

**RESOLUTION TC 20-095
TOWNSHIP COMMITTEE, TOWNSHIP OF HARDING
MORRIS COUNTY, NEW JERSEY
MAY 11, 2020**

**RESOLUTION APPROVING THE FINANCIAL AGREEMENT FOR A FIVE-YEAR EXEMPTION
AND ABATEMENT WITH THE REDEVELOPER OF HURSTMONT SITE PURSUANT TO THE
NEW JERSEY FIVE YEAR EXEMPTION AND ABATEMENT LAW (N.J.S.A. 40A:21-1 ET SEQ)**

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (hereinafter referred to as the "Redevelopment Law") provides a process for municipal entities to participate in the redevelopment and improvement of property designated as an "area in need of redevelopment;" and

WHEREAS, on November 19, 2018, the Township Committee of the Township of Harding (the "Township Committee") adopted Resolution No.18-196, directing the Planning Board to undertake a preliminary investigation to determine whether the properties identified as Block 27, Lot 2, located at 679 Mt. Kemble Avenue and Block 34, Lot 1 (collectively referred to as the "Redevelopment Study Area") qualify as a "non-condemnation" area in need of redevelopment pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq. (the "Redevelopment Law"); and

WHEREAS, on February 19, 2019, the Planning Board of the Township of Harding (the "Planning Board") conducted a duly-noticed public hearing, pursuant to N.J.S.A. 40A:12A-6, during which the Planning Board considered the preliminary investigation report of Heyer, Gruel & Associates ("HGA"), dated February 1, 2019 (the "Preliminary Investigation Report"), and heard the testimony of Susan S. Gruel, P.P. and McKinley Mertz, P.P. of HGA concerning the Preliminary Investigation Report; and

WHEREAS, after the Planning Board hearing and consideration of the Preliminary Investigation Report the Planning Board determined that the Redevelopment Study Area meets the criteria for designation as an area in need of redevelopment under the Redevelopment Law and recommended that the Township Committee designate the Redevelopment Study Area as an area in need of redevelopment, pursuant to the Redevelopment Law; and

WHEREAS, the Township Committee accepted the recommendation of the Planning Board and, on February 25, 2019, via Resolution No. TC-19-073, designated the Redevelopment Study Area as a "non-condemnation" redevelopment area; and

WHEREAS, on May 13, 2019 on behalf of the Township of Harding, HGA prepared a redevelopment plan for the Redevelopment Study Area, dated May 13, 2019 (the "Glen Alpin/Hurstmont Redevelopment Plan"), and referred such plan to the Planning Board for review and comment, pursuant to N.J.S.A. 40A:12A-7; and

WHEREAS, the Planning Board considered the Glen Alpin/Hurstmont Redevelopment Plan at its meeting of May 20, 2019 and submitted a report of its review of the Glen Alpin/Hurstmont Redevelopment Plan dated June 3, 2019 to the Township Committee; and

WHEREAS, on June 24, 2019 the Township Committee adopted a resolution accepting the Planning Board's report on the Glen Alpin/Hurstmont Redevelopment Plan and responded in the resolution to the comments of the Planning Board; and

WHEREAS, on June 24, 2019, the Township Committee, after introduction and publication as required by law for adoption of general ordinances, conducted a public hearing on the Glen Alpin/Hurstmont Redevelopment Plan and the ordinance adopting the Glen Alpin/Hurstmont Redevelopment Plan; and

**RESOLUTION TC 20-095
TOWNSHIP COMMITTEE, TOWNSHIP OF HARDING
MORRIS COUNTY, NEW JERSEY
MAY 11, 2020**

**RESOLUTION APPROVING THE FINANCIAL AGREEMENT FOR A FIVE-YEAR EXEMPTION
AND ABATEMENT WITH THE REDEVELOPER OF HURSTMONT SITE PURSUANT TO THE
NEW JERSEY FIVE YEAR EXEMPTION AND ABATEMENT LAW (N.J.S.A. 40A:21-1 ET SEQ)**

WHEREAS, the Township Committee reviewed and considered the Glen Alpin/Hurstmont Redevelopment Plan and the Planning Board recommendations and determined that the Glen Alpin/Hurstmont Redevelopment Plan is consistent with the Master Plan; and

WHEREAS, on June 24, 2019, the Township Committee adopted the Glen Alpin/Hurstmont Redevelopment Plan by Ordinance No. 13-2019; and

WHEREAS, on June 24, 2019, the Township Committee designated Glen Alpin/Hurstmont Estate Acquisition, LLC as the "Redeveloper" of the Redevelopment Study Area pursuant to Township Resolution No. TC 19-136; and

WHEREAS, the Redeveloper presented concept plans to the Township Committee; and

WHEREAS, the Harding Township Redevelopment Steering Committee conducted a public meeting concerning the Redeveloper's concept plan and the proposed plan revisions on September 4, 2019 receiving comments from the public; and

WHEREAS, the Township Committee conducted a public meeting concerning the Redeveloper's concept plans and the proposed plan revisions, receiving comments from the public; and

WHEREAS, HGA, special counsel Greenbaum, Rowe, Smith & Davis LLP, and Township Engineer Apgar Associates reviewed those concept plans, and they proposed certain revisions to the Glen Alpin/Hurstmont Redevelopment Plan taking into consideration the public comments received by the Harding Township Redevelopment Steering Committee and the Township Committee; and

WHEREAS, on September 12, 2019 on behalf of the Township of Harding, HGA prepared an amendment to the Glen Alpin/Hurstmont Redevelopment Plan; and

WHEREAS, the amendment to the Glen Alpin/Hurstmont Redevelopment Plan was introduced by Ordinance on first reading, September 12, 2019 and referred to the Planning Board for review and comment pursuant to *N.J.S.A. 40A:12A-7*; and

WHEREAS, the Planning Board considered the amendment to the Glen Alpin/Hurstmont Redevelopment Plan at its meeting of September 23, 2019 and submitted a report of its review of the amendment to the Glen Alpin/Hurstmont Redevelopment Plan dated September 24, 2019 to the Township Committee; and

WHEREAS, the designation of the Redeveloper expired by passage of time as of September 23, 2019; and

WHEREAS, on September 30, 2019, the Township Committee, after introduction on September 12, 2019 and publication as required by law for adoption of general ordinances, conducted a public hearing on the amendment to the Glen Alpin/Hurstmont Redevelopment Plan; and

WHEREAS, on September 30, 2019 the Township Committee adopted the amendment of the Glen Alpin/Hurstmont Redevelopment Plan by Ordinance No. 16-2019; and

**RESOLUTION TC 20-095
TOWNSHIP COMMITTEE, TOWNSHIP OF HARDING
MORRIS COUNTY, NEW JERSEY
MAY 11, 2020**

**RESOLUTION APPROVING THE FINANCIAL AGREEMENT FOR A FIVE-YEAR EXEMPTION
AND ABATEMENT WITH THE REDEVELOPER OF HURSTMONT SITE PURSUANT TO THE
NEW JERSEY FIVE YEAR EXEMPTION AND ABATEMENT LAW (N.J.S.A. 40A:21-1 ET SEQ)**

WHEREAS, on September 30, 2019 the Township Committee by Resolution No. TC 19-194 confirmed the designation of Hurstmont Estate Acquisition, LLC as the Redeveloper of the Senior Living District located within the Redevelopment Study Area as set forth in the amendment of the Glen Alpin/Hurstmont Redevelopment Plan approved by Ordinance No. 16-2019; and

WHEREAS, the Township Committee on January 30, 2010 by Resolution No. TC 20-067 and on April 13, 2020 by Resolution No. TC 20-087 extended the designation of the Redeveloper through May 15, 2020; and

WHEREAS, the Township of Harding and the Redeveloper entered into a Conditional Redeveloper Designation and Escrow Agreement as of January 31, 2020; and

WHEREAS, the Redeveloper and the Township Committee negotiated a redevelopment agreement (the "Redevelopment Agreement") for the redevelopment of the Senior Living District, and

WHEREAS, the Township Committee on May 11, 2020 by Resolution No. TC 20-094 approved the Redevelopment Agreement; and

WHEREAS, the Redevelopment Agreement will replace and supersede the Conditional Redevelopment Designation and Escrow Agreement; and

WHEREAS, the Redeveloper submitted on March 12, 2020 an application (the "Application") to the Mayor and Township Committee for a tax exemption and payments in lieu of taxes, pursuant to the Five Year Exemption and Abatement Law, N.J.S.A. 40A:21-1, et seq. (the "FYEAL"), with respect to townhouse improvements to be constructed within the southerly portion of Block 27, Lot 2 in the Redevelopment Study Area; and

WHEREAS, on May 11, 2020, the Township Committee by Ordinance No. 07-2020 established in the Township of Harding the "Five-Year Tax Exemption and Abatement Ordinance" pursuant to the FYEAL; and

WHEREAS, the Redeveloper and the Township Committee have negotiated a financial agreement (the "Financial Agreement") for a tax exemption and payments in lieu of taxes, pursuant to the FYEAL, the terms of which are acceptable to the Township Committee; and

WHEREAS, the form of the Financial Agreement is attached hereto as Exhibit A; and

WHEREAS, the Mayor has recommended the approval of the Financial Agreement; and

WHEREAS, the Township Committee has reviewed the Financial Agreement and wishes to approve same;

RESOLUTION TC 20-095
TOWNSHIP COMMITTEE, TOWNSHIP OF HARDING
MORRIS COUNTY, NEW JERSEY
MAY 11, 2020

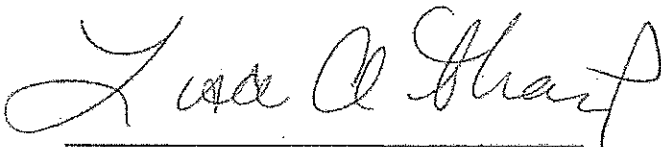
**RESOLUTION APPROVING THE FINANCIAL AGREEMENT FOR A FIVE-YEAR EXEMPTION
AND ABATEMENT WITH THE REDEVELOPER OF HURSTMONT SITE PURSUANT TO THE
NEW JERSEY FIVE YEAR EXEMPTION AND ABATEMENT LAW (N.J.S.A. 40A:21-1 ET SEQ)**

BE IT RESOLVED by the Township Committee of the Township of Harding that:

1. the Financial Agreement is hereby approved; and
2. the Mayor is authorized to sign the Financial Agreement and take such other actions as are necessary to implement the Financial Agreement.

DATED: May 11, 2020

I, Lisa A. Sharp, Municipal Clerk of the Township of Harding, County of Morris, State of New Jersey, do hereby certify the foregoing resolution to be a true and correct copy of a resolution adopted by the Township Committee at the meeting held on May 11, 2020.



Lisa A. Sharp, Municipal Clerk

Vote on Resolution:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN	ABSENT
Ms. DiTosto	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	1 st <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Platt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	2 nd <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

APPLICATION FOR TAX ABATEMENT / EXEMPTION

EXHIBIT A

Certificate of Formation

CERTIFICATE OF FORMATION

OF

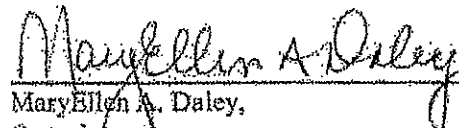
HURSTMONT ESTATE ACQUISITION LLC

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:53 PM 11/29/2016
FILED 02:53 PM 11/29/2016
SR 20166820959 - File Number 6232935

1. The name of the limited liability company is Hurstmont Estate Acquisition LLC.

2. The name and address of its registered office in the State of Delaware is: Registered Office Service Company, 203 N.E. Front Street, Suite 101, Milford, Kent County, Delaware 19963.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on Hurstmont Estate Acquisition LLC this 28th day of November, 2016.

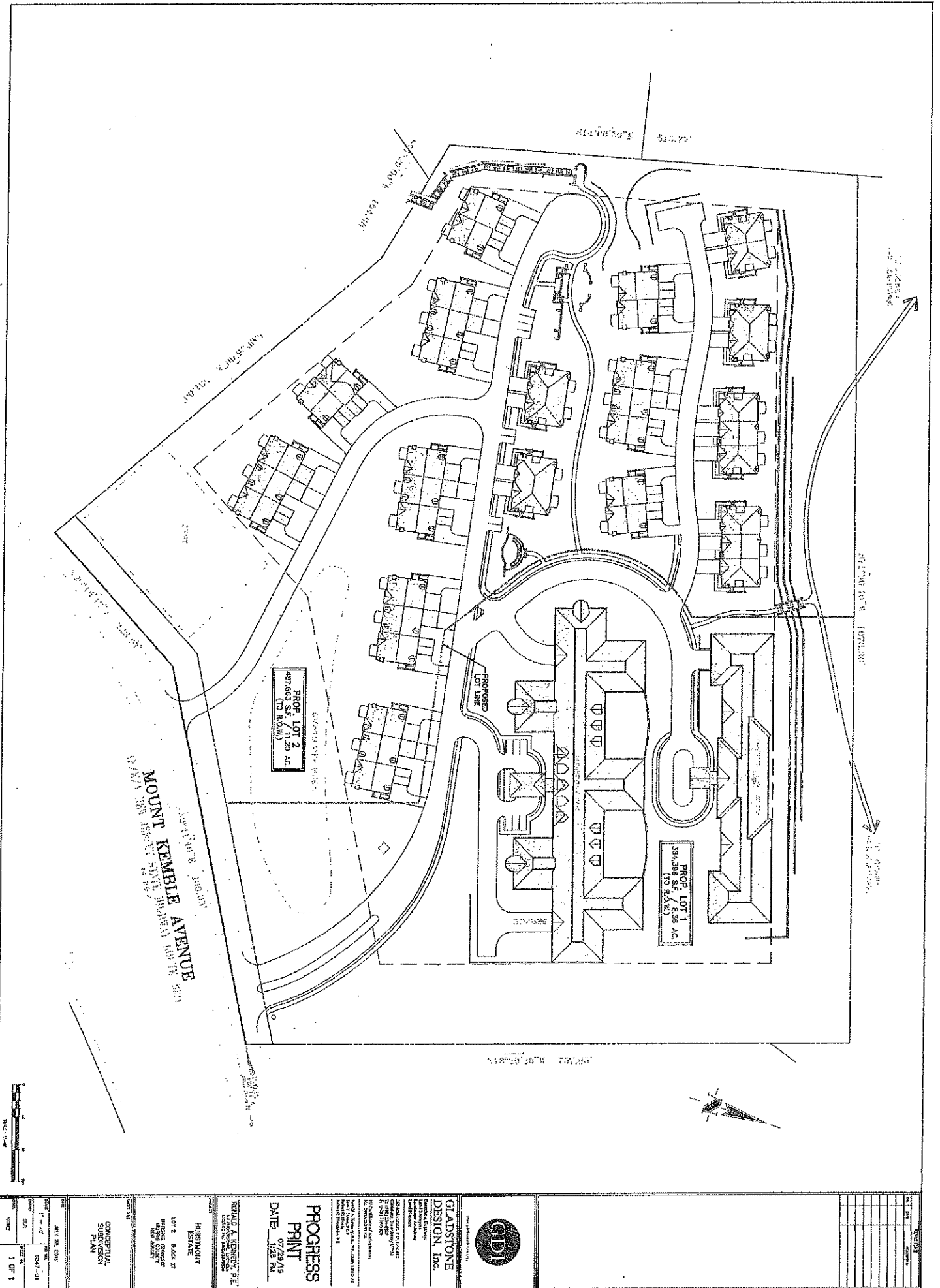


MaryEllen A. Daley,
Organizer

APPLICATION FOR TAX ABATEMENT / EXEMPTION

EXHIBIT B

Conceptual Subdivision Plan



APPLICATION FOR TAX ABATEMENT / EXEMPTION

EXHIBIT C

Estimated Development Schedule

Task	Date for Completion
Subdivision/Site Plan Application Submission	Three months from execution of Financial Agreements pursuant to Section 5.2
Obtain All Government Approvals	Eighteen months from Subdivision/Site Plan Application Submission
Commencement of Site Work, including installation of driveways, Septic Treatment Facility, and infrastructure	Three Months from Obtaining All Government Approvals, Weather Permitting
Commence Construction of Townhome and/or Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Six Months from Commencement of Site Work, Weather Permitting and Provided No Unexpected Site Conditions Are Encountered
Certificate of Occupancy and Certificate of Completion for Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Two Years from Commencement of Construction of Assisted Living Residences, Dementia Care Home Units, and Independence Living Units

APPLICATION FOR TAX ABATEMENT / EXEMPTION

EXHIBIT D

Estimated Project Cost

Hurstmont Project 3/9/20

Project Cost

Description

Total Gross Area of Improvements (SF)	140,000			<u>% of Total Project Area</u>	35.00%
Number of Units	40				
	<u>Quantity</u>	<u>Rate</u>	<u>Total</u>	<u>Cost per Unit</u>	<u>Cost per SF</u>
Land (SF)	522,720	26.78	14,000,000	350,000	100.00
<u>Construction Costs</u>					
Demolition			1,000,000	25,000	7.14
Off-Site Improvements			350,000	8,750	2.50
Septic System			1,050,000	26,250	7.50
Other Site Improvements			4,900,000	122,500	35.00
Townhome Const. Cost (SF)	140,000	250	35,000,000	875,000	250.00
Total Construction Costs			42,300,000	1,057,500	302.14
GC Fee Rate	3.50%				
GC Fee			1,480,500	37,013	10.58
Construction Contingency Rate	8.00%				
Construction Contingency			3,384,000	84,600	24.17
Total Const. Costs			47,164,500	1,179,113	336.89
<u>Other Costs</u>					
Miscellaneous Soft Costs	10.00%		4,716,450	117,911	33.69
Soft Cost % of Land and Hard Costs			7.71%		
Total Construction and Soft Costs			51,880,950	1,297,024	370.58
Construction Loan Interest			3,223,422		23.02
% Soft +CLI			8.5591%		
Total Project Cost			69,104,372	1,727,609	493.60

APPLICATION FOR TAX ABATEMENT / EXEMPTION

EXHIBIT E

Fiscal Plan

**Hurstmont Project
3/9/20**

Building Volume

<u>Unit Type</u>	<u>Area</u>	<u># of Units</u>	<u>Total Area</u>
Townhomes	3,500	40	140,000

Hurstmont Project
3/9/20

Project Cost

<u>Description</u>		<u>% of Total Project Area</u>			
Total Gross Area of Improvements (SF)	140,000				35.00%
Number of Units	40				
	<u>Quantity</u>	<u>Rate</u>	<u>Total</u>	<u>Cost per Unit</u>	<u>Cost per SF</u>
Land (SF)	522,720	26.78	14,000,000	350,000	100.00
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Total Const. Costs			47,164,500	1,179,113	336.89
<u>Other Costs</u>					
Miscellaneous Soft Costs	10.00%		4,716,450	117,911	33.69
Soft Cost % of Land and Hard Costs			7.711%		
Total Construction and Soft Costs			51,880,950	1,297,024	370.58
Construction Loan Interest			3,223,422		23.02
% Soft +CLI			8.5591%		
Total Project Cost			69,104,372	1,727,609	493.60

Hurstmont Project
3/9/20

Break Even Analysis

Key Assumptions: Land \$ 14,000
 Soft % 7.711%

Off. Const. 0
 Retail Const. 0
 Public Const. 0
 Res. Const. 337

All Costs in '000's

Gross Area	Gross Office Area	Gross Retail Area	Gross Basement Area	Gross Res. Area	Total Res. Area	Gross Unit Area	# Units	New Park Added	Land Cost	Office Constr. Cost	Retail Constr. Cost	Parking Constr. Cost	Res. Constr. Cost	Const. Interest Cost	RAB Proceeds	Soft Costs	Total Cost
140,000	0	0	0	140,000	140,000	3,500	40	0	14,000	0	0	0	47,165	3,223	0	4,716	69,104

493.60

Sales Price per square foot to break even

Land Cost includes selective demolition and environmental cleanup

Hurstmont Project
3/9/20

Funding Sources

<u>Sources</u>	<u>Amount</u>	<u>% of Total</u>
Loans	50,837,194	73.57
Land Equity	14,000,000	20.26
Cash Equity	4,267,178	6.17
Total	69,104,372	

Hurstmont Project

3/9/20

Project Pro-Forma

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6 to 30	Total
<u>Uses</u>							
Land Cost	14,000,000	0	0	0	0	0	14,000,000
Pre-Development Costs	0	0	0	0	0	0	0
Hard Construction Costs	23,582,250	23,582,250	0	0	0	0	47,164,500
Financing Fees	0	0	0	0	0	0	0
Other Soft Costs	2,358,225	1,179,113	707,468	471,645	0	0	4,716,450
Total Costs w/o Interest	39,940,475	24,761,363	707,468	471,645	0	0	65,880,950
Loan % of Sources	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	
Loan Interest Rate	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	
Interest	788,299	1,303,186	923,419	208,518	0	0	3,223,422
Total Costs	40,728,774	26,064,549	1,630,886	680,163	0	0	69,104,372
<u>Sources</u>							
Construction Loan	23,531,431	26,064,592	744,703	496,468	0	0	50,837,194
Land Equity	14,000,000	0	0	0	0	0	14,000,000
Cash Equity	3,197,343	(43)	886,184	183,695	0	0	4,267,178
Sub Total Equity	17,197,343	(43)	886,184	183,695	0	0	18,267,178
Total Sources	40,728,774	26,064,549	1,630,886	680,163	0	0	69,104,372
Sales Proceeds	0	21,000,000	21,000,000	28,000,000	0	0	70,000,000
<u>Loan Status</u>							
Starting Loan Balance	0	23,531,431	28,596,023	8,340,726	0	0	
Additional Amount Borrowed	23,531,431	26,064,592	744,703	496,468	0	0	
Proceeds Applied to Pay Loan	0	21,000,000	21,000,000	8,837,194	0	0	
Ending Loan Balance	23,531,431	28,596,023	8,340,726	0	0	0	
Ave Loan Outstanding	11,765,715	26,063,727	18,468,374	4,170,363	0	0	
<u>Equity Status</u>							
Starting Equity Balance	0	17,197,343	17,197,300	18,083,483	0	0	
Additional Equity Invested	17,197,343	(43)	886,184	183,695	0	0	
Proceeds Applied to Repay Equity	0	0	0	18,267,178	0	0	
Ending Equity Balance	17,197,343	17,197,300	18,083,483	0	0	0	

Total Cum. \$-Yrs of Equity	15,598,672	32,795,993	50,436,384	59,478,126	59,478,126
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Projected Return

Total Revenue	70,000,000
RAB Proceeds	0
Total Expense	69,104,372
Profit	895,628
Ave. Return on Equity per \$-Yea	1.506%
Return on Total Cost	1.296%

Hurstmont Project
3/9/20

Financial Analysis
Revenue Projection by Year

Description	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6-30</u>	<u>Total</u>
<u>Residential Type 1</u>							
# Units	0	12	12	16	0	0	40
Average SF per Unit	3,500	3,500	3,500	3,500	3,500	3,500	
Total Area	0	42,000	42,000	56,000	0	0	140,000
Price per SF	500	500	500	500	500	500	
Total Revenue	0	21,000,000	21,000,000	28,000,000	0	0	70,000,000

APPLICATION FOR TAX ABATEMENT / EXEMPTION

EXHIBIT F

Estimated Taxes

**Harding Twp.
3/9/20**

2018 Tax Data

<u>Description</u>	<u>2018</u>	<u>% of Total</u>
Net Taxable Value	1,999,521,290	24.515
General Tax Rate	1.1300%	0.856
Equalization Ratio	90.2200%	25.371
Total Equalized Value	2,217,959,161	25.371
		45.969
County Levy	5,538,500.06	0.000
County Library Levy	0	0.000
County OS Levy	193,499.94	45.969
Sub-Total County	5,732,000.00	25.120
District School Levy	10,385,445.00	3.540
Regional School Levy	0.00	0.000
Local School Levy	0.00	0.000
Sub-Total School	10,385,445.00	28.660
Municipal Levy	5,675,195.47	100.000
Municipal Open Space Levy	799,809.00	
Municipal Library Levy	0.00	
Sub-Total Municipal	6,475,004.47	
Total Levy	22,592,449.47	
Eq. Tax Rate (from EQ Ratio)	1.0195%	
2022 Eq. Tax Rate (Proj.)	1.1035%	

Hurstmont Project
3/9/20

Prior Assessed Value

<u>Year</u>	<u>Block</u>	<u>Lot</u>	<u>Total AV</u>	<u>Land AV</u>	<u>Improv. AV</u>	<u>Tax Rate</u>	<u>Taxes</u>
2018	27	2	2,444,300	696,800	1,747,500	1.153%	28,173.00
Allocable Share (TownHome Site	57.90%		1,415,250	403,447	1,011,803	1.153%	16,312.17
							0

**Hurstmont Project
3/9/20**

**Full Tax Basis
Townhomes**

Replacement Cost Basis

Total Project Cost	69,104,372
Less:	
Off-Site Improvements	350,000
Septic System	1,050,000
Replacement Cost Basis	67,704,372

Comparable Sales Method

2022 Equalized Tax Rate	1.1035%
Estimated Sales Price	70,000,000
Implied Year 1 Total Property Tax	772,467
2022 Estimated Municipal Share of Tax	28.66%
Implied Year 1 Municipal Share	221,389

Average of Both Methods

Replacement Cost Basis	67,704,372
Comparable Sales Method	70,000,000

Average Basis

68,852,186

2022 Taxes Based on Average Basis

Total Leasable Area	759,801
Taxes per Leasable SF	140,000
	5.427

Hurstmont Project
3/9/20

Projected 5 Year Abatement
Townhomes

Projected Tax Rate Increase		2.00%		
Year	Full Taxes per Home	% Abatement	Abate. Amt.	
1	18,995.02	90%	17,095.52	
2	19,374.92	90%	17,437.43	
3	19,762.42	90%	17,786.17	
4	20,157.66	90%	18,141.90	
5	20,560.82	90%	18,504.74	
Total	98,850.83		88,965.75	
6	20,972.03	100%	N/A	
7	21,391.47	100%	N/A	
8	21,819.30	100%	N/A	
9	22,255.69	100%	N/A	
10	22,700.80	100%	N/A	
11	23,154.82	100%	N/A	
12	23,617.92	100%	N/A	
13	24,090.27	100%	N/A	
14	24,572.08	100%	N/A	
15	25,063.52	100%	N/A	
16	25,564.79	100%	N/A	
17	26,076.09	100%	N/A	
18	26,597.61	100%	N/A	
19	27,129.56	100%	N/A	
20	27,672.15	100%	N/A	
21	28,225.60	100%	N/A	
22	28,790.11	100%	N/A	
23	29,365.91	100%	N/A	
24	29,953.23	100%	N/A	
25	30,552.29	100%	N/A	
26	31,163.34	100%	N/A	
27	31,786.61	100%	N/A	
28	32,422.34	100%	N/A	
29	33,070.79	100%	N/A	
30	33,732.20	100%	N/A	

SHORT TERM TOWNHOME FINANCIAL AGREEMENT

EXHIBIT C

Passed Resolution #_____

SHORT TERM TOWNHOME FINANCIAL AGREEMENT

EXHIBIT D

Certificate of Formation

CERTIFICATE OF FORMATION

OF

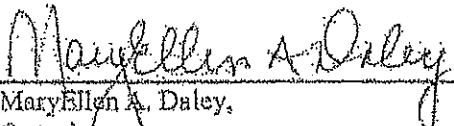
HURSTMONT ESTATE ACQUISITION LLC

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:53 PM 11/29/2016
FILED 02:53 PM 11/29/2016
SR 20166820959 - File Number 6232935

1. The name of the limited liability company is Hurstmont Estate Acquisition LLC.

2. The name and address of its registered office in the State of Delaware is: Registered Office Service Company, 203 N.E. Front Street, Suite 101, Milford, Kent County, Delaware 19963.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on Hurstmont Estate Acquisition LLC this 28th day of November, 2016.



MaryEllen A. Daley,
Organizer

REDEVELOPMENT AGREEMENT

EXHIBIT F

LEED COMPONENTS

Redeveloper shall incorporate the following LEED components:

- Sustainable building and design measures, which may include any of the following:
 - use of ventilation and shading design;
 - use of low voc interior paints and finishes;
 - use of low voc adhesives and sealants;
 -
 -
 - operable windows where appropriate
 - roof mounted solar arrays;
 - use of passive solar arrays; and/or
 - geothermal energy
- Installation of ENERGY STAR appliances
- Pursuit of ENERGY STAR certification
- Utilizing high-performance glazing
- Installation of lighting fixtures that utilize LED bulbs
- Utilization of Integrated Pest Management (IPM)
- Installation of high efficiency toilets.

5/11/2020 Execution Copy

5796673.4

1" = "1" "104764069.6" "" 104764069.6

REDEVELOPMENT AGREEMENT

EXHIBIT G

REDEVELOPER OBLIGATIONS CONTINGENT UPON FINANCIAL AGREEMENTS CONSISTENT WITH EXHIBITS D & E REDEVELOPMENT AGREEMENT

- Incorporation of LEED components pursuant to Section 4.17 and Exhibit F
- Section 6.1(b)(1) regarding contributions to the Harding Volunteer Fire Department
- Section 6.2(a) regarding contribution to the New Vernon First Aid Squad
- Sections 6.2(b) and (c) regarding contributions to the New Vernon Volunteer Fire Department
- Section 6.2(d) regarding contribution to the Township Police Department
- Section 6.2(e) regarding contribution to the Township Library

5/11/2020 Execution Copy

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- Section 6.2(e) regarding contribution to the Township Library