

January 18, 2023

**VIA FEDEX & EMAIL**

Scott Lavender, Mayor  
Township of Long Hill  
915 Valley Road  
Gillette, New Jersey 07933

**Re:** Application Pursuant to N.J.S.A. 40A:20-1 *et seq.* by Stirling SL Urban  
Renewal LLC (“**Applicant**”)

11401, Lot 7, 1106-1122 Valley Road, Stirling (the “**Property**”).

Dear Deputy Mayor Lavender:

This firm represents the Applicant in connection with the enclosed application for a financial agreement and tax exemption pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 *et seq.* (“**Exemption Law**”) with respect to Applicant’s proposed redevelopment of the Property, which is currently the location of a vacant and neglected former car wash. As detailed in the Project and Exemption Narrative enclosed herewith as **Exhibit A**, Applicant is proposing to redevelop the Property with a senior living facility (the “**Project**”) in accordance with the 1106-1122 Valley Road Redevelopment Plan adopted by the Township (“**Redevelopment Plan**”) and that certain Redevelopment Agreement dated December 15, 2022 between the Township and the Applicant (“**Redevelopment Agreement**”).

This letter, and the exhibits enclosed herewith, constitute Applicant’s request and Application for a tax exemption and financial agreement with a thirty (30) year term, in accordance with the Exemption Law. In furtherance thereof, nine (9) copies of the following Application exhibits are enclosed herewith:

- **Exhibit A – Project and Exemption Narrative**, summarizing the Applicant’s proposed Project and exemption;
- **Exhibit B – Identification of the Property**, describing the subject Property, and consisting of: (i) a tax map sheet identifying the Property; and (ii) a legal description of the Property;
- **Exhibit C – Amended Certificate of Formation of the Applicant**, including approval from the Department of Community Affairs concerning same;
- **Exhibit D – Schedule of Anticipated Revenue and Annual Service Charge**, outlining the anticipated gross revenue of the Project and the anticipated annual

service charge to be generated by the Project over the course of the thirty (30) year exemption term;

- **Exhibit E – Estimate of Total Project Cost**, certified by the Applicant’s architect;
- **Exhibit F – Table of Anticipated Project Financing Sources**, setting forth anticipated financing sources for the Project;
- **Exhibit G – Fiscal Plan**; and
- **Exhibit H – Form of Proposed Financial Agreement.**

Should you have any questions, or require any additional information, please do not hesitate to contact me. I thank you for your attention in this matter.

Sincerely yours,



Andrew J. Camelotto, Esq.

Enclosures

cc: John Pidgeon, Esq. *(via email, w/attachments)*  
Megan Phillips, Township Clerk *(via email, w/attachments)*  
Anthony Marchigiano *(via email, w/attachments)*

**Exhibit A**

Project and Exemption Narrative

(See Attached)

## PROJECT AND EXEMPTION NARRATIVE

Stirling SL Urban Renewal LLC (the “**Applicant**”) is seeking a tax exemption (the “**Exemption**”) under the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1, et seq.* (the “**Tax Law**”) in order to facilitate its development of a new senior and supportive housing facility (the “**Project**”) on the property known as 1106-1122 Valley Road (the “**Property**”), currently the site of a long-vacant and blighted former car wash. As detailed the narrative that follows, the Applicant’s proposed Project would see the restoration of an unsightly, blighted property on one of the Township’s main arteries – Valley Road – with a new, respectfully-designed building that will provide a much-needed service to the Township, while maintaining the charm and character of its surrounding environment. The Exemption sought by Applicant is critical to making the Project a reality, however. And while the Project itself will offer meaningful benefits to the Township in the form of services, jobs, and restoration of a blighted site, the annual service charge (or “payment in lieu of taxes”) that the Applicant would pay if the Exemption is granted will result in a clear and unambiguous financial benefit to the Township.

### **A. The Project and its Benefits.**

The Property is located on Valley Road and is currently improved with a long-vacant former car wash. In its current state, the Property is an eye-sore that sits prominently in the heart of the Valley Road corridor, one of the Township’s most travelled thoroughfares. In recognition of the blighted nature of the Property, the Township adopted the 1106-1122 Valley Road Redevelopment Plan (“**Redevelopment Plan**”) in accordance with the Local Redevelopment and Housing Law in order to foster its redevelopment. Thereafter, the Township entered into a redevelopment agreement with the Applicant (the “**Redevelopment Agreement**”) to facilitate the Applicant’s construction of the Project on the Property.

The Project the Applicant proposes to construct is a senior living facility, which will consist of approximately 106 senior living units along with related support services and resident amenity space, all in compliance with the Redevelopment Plan and other applicable law. The proposed senior living facility has been carefully designed to minimize the visual impact of the Project from the Valley Road corridor, and to be respectful to the character of the surrounding environment. To this end, the proposed building is expected to be set back from Valley Road by more than 100 feet, with the tallest portions of the building (anticipated to be three stories) located to the rear of the building and at even greater distance from passing traffic on Valley Road. In this same spirit of minimizing the Project’s impacts on the community, the operation of the facility following construction of the Project has likewise been designed to avoid overburdening existing community services. For instance, in order to avoid overburdening local emergency services, the facility will contract directly with an ambulance company to provide emergency transportation services for residents. Similarly, transportation services for ordinary off-site healthcare and related services will also be made available to residents at the facility.

While the Project has been designed to minimize its potential negative impacts, the benefits it offers the community of Long Hill are significant. First, construction of the Project would mean rehabilitating a vacant and blighted property on Valley Road, long-recognized as an eyesore by

residents. Beyond that, the Project will bring temporary construction jobs in the near term, and once constructed and operational, is expected to result in 35 to 45 regular, permanent jobs at the facility. Above all, the Project will provide the community of Long Hill with a much-needed service for its aging population. And, as detailed at greater length below, the grant of the Exemption to facilitate the Project would provide a meaningful financial benefit to the Township.

### **B. The Exemption and its Benefits.**

The Applicant is seeking the Exemption in accordance with the Tax Law in order to enable it to construct the Project. The costs of financing projects of this nature have skyrocketed in the current economic climate. Coupled with the rapidly-increasing costs of both materials and labor, the conditions are such that it is not economically possible for the Applicant to construct the Project without the Exemption. Indeed, the Applicant's obligation to construct the Project under the Redevelopment Agreement was conditioned on its receipt of an Exemption under the Tax Exemption Law. But while the Exemption is essential to the Applicant's ability to construct the Project, it also promises to result in significant financial benefit to the Township.

In accordance with the Tax Law, Applicant is seeking an Exemption and financial agreement with a term of thirty (30) years from the date of completion of the Project. If the Exemption is granted, then as required by the Tax Law, the Applicant and the Township will enter into a financial agreement, a proposed form of which is attached to this Application as **Exhibit H** (the "**Financial Agreement**"). Pursuant to the Financial Agreement and in accord with the Tax Law, the Applicant will pay the Township an annual service charge in lieu of traditional real estate taxes upon completion of the Project (a "**payment in lieu of taxes**" or "**PILOT**"). The annual PILOT will be calculated as the greater of 12% of the "Annual Gross Revenue" of the Project, or the applicable statutory percentage of taxes which would otherwise be due. *See Exhibit D*, Schedule of Anticipated Revenue and Annual Service Charge.

Following completion of the Project, the Applicant will lease the entirety of the constructed facility to an affiliated operating tenant, who will be responsible for the day-to-day operations and management of the Project. The annual, market rent that the Applicant receives from this operating tenant will serve as the Annual Gross Revenue of the Project for purposes of calculating the annual PILOT. The market rent the Applicant will receive from the operating tenant (and thus the Annual Gross Revenue of the Project), along with the anticipated annual PILOT to be paid to the Township are set forth on **Exhibit D** to this Application. At year-3 stabilization, this structure will result in an annual PILOT of approximately \$ 490,933.00, which will increase annually with the market rent, all as set forth in Exhibit D. Because the proposed structure predetermines the market rent paid by the operating entity over the 30 year term of the Exemption, the Township will have certainty with respect to these PILOT projections. Accordingly, and since the Tax Exemption Law permits municipalities to retain a greater percentage of PILOT payments than under traditional real estate taxes, the Exemption will allow the Township to realize in excess of approximately twenty-one million dollars (\$21,000,000.00) as the municipal share of PILOT revenue over the term of the Exemption, compared to just under approximately five hundred forty nine thousand (\$549,000.00), as the municipal share of ordinary taxes over that same period if the Project were not constructed and the Property remained as-is. *See Exhibit D*, Schedule of Anticipated Revenue and Annual Service Charge.

## **CONCLUSION**

The Applicant's Project will restore a blighted property in the Township's main thoroughfare to a productive use that will result in tangible benefits to the Township. In order to make the Project a reality, the Applicant is seeking an Exemption under the Tax Law. If granted, not only would the Exemption enable the Applicant to construct the Project, but would result in the Township receiving in excess of approximately \$21,000,000.00 as its share of the annual PILOT over the term of the Exemption, as compared to just under approximately \$549,000.00 as the municipal share of ordinary taxes over that same period if the Property remained in its current state and were not developed with the Project.

**Exhibit B**

Identification of the Property

(See Attached)





## LEGAL DESCRIPTION OF PREMISES

All of the real property located in the Township of Long Hill, County of Morris and State of New Jersey more particularly described as follows:

BEGINNING at a point on the northerly side line of Passaic Valley Road, where the same is intersected by the westerly line of lands formerly of Christian Schmidt; from said point of beginning running thence:

- (1) Along the lands of said Schmidt North 4 degrees 25 minutes East 1047.50 feet to lands of the Public Service Electric and Gas Co.; thence
- (2) Along lands of said Company South 57 degrees 16 minutes West 313.66 feet to lands recently conveyed to Alex Groppi; thence
- (3) Along lands of said Groppi South 4 degrees 25 minutes West 910.55 feet to the aforementioned northerly side line of Passaic Valley Road; thence
- (4) Along the northerly side line of Passaic Valley Road easterly on a curve to the left, the radius of which is 1121.28 feet for a distance of 18.04 feet; thence
- (5) Still along the northerly side line of Passaic Valley Road North 82 degrees 32 minutes East 237.43 feet to the point and place of BEGINNING.

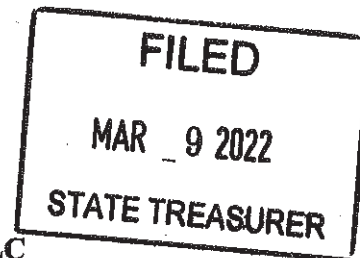
BEING ALSO KNOWN AS (REPORTED FOR INFORMATIONAL PURPOSES ONLY):

Block 11401, Lot 7, on the official tax map of the Township of Long Hill, County of Morris, State of New Jersey.

**Exhibit C**

Amended Certificate of Formation of the Applicant

(See Attached)



**CERTIFICATE OF AMENDMENT TO THE  
CERTIFICATE OF FORMATION OF STIRLING SL LLC**

The undersigned, being authorized to execute and file this Amended Certificate of Formation, pursuant to the provisions of Title 42:2C, the Revised Uniform Limited Liability Company Act, and N.J.S.A. 40A:20-1 et seq., the New Jersey Long Term Tax Exemption Law, as amended, hereby certifies that:

1. Name of Limited Liability Company: Stirling SL LLC
2. Identification Number: 0450657757
3. New Limited Liability Company Name: Stirling SL Urban Renewal LLC
4. The Certificate of Formation of Stirling SL Urban Renewal LLC is amended as follows:

Paragraph 1 of the Certificate of Formation shall be amended in its entirety to read as follows:

The name of the limited liability company is Stirling SL Urban Renewal LLC (hereinafter the "Company").

Paragraph 4 of the Certificate of Formation shall be amended in its entirety to read as follows:

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

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

(c) The Company has been organized and formed to serve a public purpose. The Company's 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; and (2) the acquisition, management and operation of a project, redevelopment relocation housing project or low and moderate income housing project under P.L.1991, c.431 (C.40A:20-1 et seq.). The Company shall be subject to regulation by the Township, and to a limitation or prohibition, as appropriate, on

profits or dividends for so long as the Company remains the owner of a project subject to P.L.1991, c.431 (C.40A:20-1 et seq.).

(d) The Company shall not voluntarily transfer more than ten percent (10%) of the ownership of the project or any portion 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 Township, which other urban renewal entity shall assume all contractual obligations of the Company under the financial agreement with the Township. The Company shall file annually with the governing body of the Township a disclosure of the persons having an ownership interest in the project, and the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the Company itself, provided that the transfer, if greater than ten percent (10%), is disclosed to the governing body of the Township in the annual disclosure statement or in correspondence sent to the Township in advance of the annual disclosure statement referred to above.

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

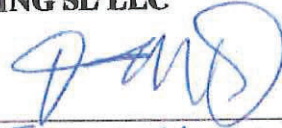
(f) Any housing units constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commissioner of Community Affairs.

Paragraph 6 of the Certificate of Formation is amended in its entirety to read as follows:

The Effective Date of the filing is the date upon which this Amendment is filed in the office of the Department of Treasury of New Jersey.

IN WITNESS WHEREOF, this Certificate of Amendment is executed this 30<sup>th</sup> day of December, 2021.

STIRLING SL LLC



Name: Justin Marchigiano  
Title: member



**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*

**FILED**  
**MAR 9 2022**  
**STATE TREASURER**

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer  
RE: STIRLING SL URBAN RENEWAL LLC  
(formerly STIRLING SL LLC)  
File # 3298  
An Urban Renewal Entity

This is to certify that the attached CERTIFICATE OF AMENDMENT TO THE 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 7<sup>th</sup> day of March 2022 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By:   
Sean Thompson, Director  
Local Planning Services



**Exhibit D**

Schedule of Anticipated Revenue and Annual Service Charge

| <b>PILOT Year</b> | <b>Annual Gross Revenue (Market Rent)</b> | <b>Annual Service Charge (12% of Annual Gross Revenue)</b> | <b>Municipal Share of Annual Service Charge (95%)</b> | <b>Municipal Share of Current Ordinary Taxes (Escalated at 2% Annually)</b> |
|-------------------|---|--|---|---|
| 1                 | \$1,928,131                               | \$231,376  | \$219,807   | \$13,532  |
| 2                 | \$3,971,949                               | \$476,634  | \$452,802   | \$13,802  |
| 3                 | \$4,091,107                               | \$490,933  | \$466,386   | \$14,078  |
| 4                 | \$4,213,841                               | \$505,661  | \$480,378   | \$14,360  |
| 5                 | \$4,340,256                               | \$520,831  | \$494,789   | \$14,647  |
| 6                 | \$4,470,464                               | \$536,456  | \$509,633   | \$14,940  |
| 7                 | \$4,604,577                               | \$552,549  | \$524,922   | \$15,239  |
| 8                 | \$4,742,715                               | \$569,126  | \$540,669   | \$15,544  |
| 9                 | \$4,884,996                               | \$586,200  | \$556,890   | \$15,855  |
| 10                | \$5,031,546                               | \$603,786  | \$573,596   | \$16,172  |
| 11                | \$5,182,492                               | \$621,899  | \$590,804   | \$16,495  |
| 12                | \$5,337,967                               | \$640,556  | \$608,528   | \$16,825  |
| 13                | \$5,498,106                               | \$659,773  | \$626,784   | \$17,161  |
| 14                | \$5,663,049                               | \$679,566  | \$645,588   | \$17,505  |
| 15                | \$5,832,941                               | \$699,953  | \$664,955   | \$17,855  |
| 16                | \$6,007,929                               | \$720,951  | \$684,904   | \$18,212  |
| 17                | \$6,188,167                               | \$742,580  | \$705,451   | \$18,576  |
| 18                | \$6,373,812                               | \$764,857  | \$726,615   | \$18,948  |
| 19                | \$6,565,026                               | \$787,803  | \$748,413   | \$19,327  |
| 20                | \$6,761,977                               | \$811,437  | \$770,865   | \$19,713  |
| 21                | \$6,964,836                               | \$835,780  | \$793,991   | \$20,107  |
| 22                | \$7,173,782                               | \$860,854  | \$817,811   | \$20,510  |
| 23                | \$7,388,995                               | \$886,679  | \$842,345   | \$20,920  |
| 24                | \$7,610,665                               | \$913,280  | \$867,616   | \$21,338  |
| 25                | \$7,838,985                               | \$940,678  | \$893,644   | \$21,765  |
| 26                | \$8,074,154                               | \$968,899  | \$920,454   | \$22,200  |
| 27                | \$8,316,379                               | \$997,965  | \$948,067   | \$22,644  |
| 28                | \$8,565,870                               | \$1,027,904  | \$976,509   | \$23,097  |
| 29                | \$8,822,846                               | \$1,058,742  | \$1,005,804   | \$23,559  |
| 30                | \$9,087,532                               | \$1,242,400  | \$1,180,280   | \$24,030  |
| <b>Totals</b>     | <b>\$181,535,094</b>                      | <b>\$21,936,108</b>  | <b>\$20,839,302</b>                                   | <b>\$548,954</b>  |

**Exhibit E**

Estimate of Total Project Cost

(See Attached)



**STIRLING SL URBAN RENEWAL LLC:**  
**CERTIFICATION OF PROJECTED CONSTRUCTION COSTS**

In accordance with the application for a Long Term Tax Exemption (“Application”), of STIRLING SL URBAN RENEWAL LLC (“STIRLING URE”) to the Township of Long Hill (“Township”), the undersigned certifies to STIRLING URE and the Township as follows:

1. I am a professional architect licensed to practice in the State of New Jersey (Licence No. **21AI02237100**).
  
2. The Project will consist of the construction of a 106-unit senior housing project and associated amenities and site improvements. Serving as architect for the Project, I am familiar with the proposed construction of the facility, including the realty improvements that are the subject of this Application.
  
3. To the best of my knowledge, information and belief, based on review of Project plans and other data provided by STIRLING URE, the estimated Total Project Cost for the Project, including soft costs is \$54,488,905, which cost is detailed on the attached **EXHIBIT A**.
  
4. I am providing this certification at STIRLING URE’s request, for the limited purpose of compliance with the application requirements of the Financial Agreement. This certificate may not be used for any other purpose without my consent.



---

Name: **William Foster**  
Title: **Partner**

**EXHIBIT A**  
**TOTAL PROJECT COST ESTIMATE**

|   | <b>Amount</b>       |
|---|---------------------|
| Land Costs  | <b>\$2,900,000</b>  |
| Construction Costs                                |                     |
| Hard Costs  | <b>\$32,719,047</b> |
| Contingency                                       | <b>\$1,636,044</b>  |
| Total Hard Costs                                  | <b>\$34,355,091</b> |
| Soft Costs and Financing Costs                    |                     |
| Architects and Engineers                          | <b>\$1,419,536</b>  |
| Operational Costs                                 | <b>\$1,077,037</b>  |
| Municipal Permits and Fees                        | <b>\$3,330,191</b>  |
| Developer Overhead and Other Development Expenses | <b>\$3,524,070</b>  |
| Operating Deficit Reserve and Reserved Interest   | <b>\$4,128,336</b>  |
| Other Soft Costs                                  | <b>\$3,754,644</b>  |
| Total Soft Costs and Financing Costs              | <b>\$17,233,814</b> |
| Total Development Costs                           | <b>\$54,488,905</b> |

**Exhibit F**

Table of Anticipated Project Financing Sources

| <b>CONSTRUCTION SOURCES</b> |                      |
|-----------------------------|----------------------|
| Developer Equity            | \$ 16,346,672        |
| Construction Loan           | \$ 38,142,234        |
| <b>TOTAL:</b>               | <b>\$ 54,488,905</b> |

**Exhibit G**

Fiscal Plan

(See Attached)

|    | A  | B                            | C              | D              | E              | F              | G              | H              | I              | J              | K              | L              | M              | N              | O              | P              | Q              | R              | S              | T              | U              | V              |                |
|----|--|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1  | <b>Fiscal Plan</b>   |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 2  | Project Location:  | 1106 Valley Road, String, NJ |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 3  | Project Address:   | 5,60000                      |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 4  | Project Average:   |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 5  | Assumptions  |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 6  | Proposed Residential Building NRSF   | 61,020                       |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 7  | Annual Rent Increase   | 3%                           |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 8  |  |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 9  | <b>PILOT YEAR</b>  |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 10 | Project Rent of <i>OPCO/Master Tenant</i>  |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 11 | Potential Gross Residential Rent (Total)   | \$ 9,508,800                 | \$ 10,390,522  | \$ 10,702,238  | \$ 11,023,305  | \$ 11,354,004  | \$ 11,694,625  | \$ 12,045,463  | \$ 12,406,827  | \$ 12,779,032  | \$ 13,162,403  | \$ 13,557,275  | \$ 13,963,993  | \$ 14,382,913  | \$ 14,814,400  | \$ 15,258,833  | \$ 15,716,598  | \$ 16,188,095  | \$ 16,663,000  | \$ 17,147,900  | \$ 17,643,400  | \$ 18,149,100  |                |
| 12 | Residential Vacancy, Loss Collection, and Concessions  | \$ 63,41%                    | \$ 15,67%      | \$ 10,060,104  | \$ 9,767,091   | \$ 10,672,764  | \$ 11,322,736  | \$ 11,982,553  | \$ 12,652,418  | \$ 13,332,275  | \$ 14,017,100  | \$ 14,706,900  | \$ 15,401,675  | \$ 16,101,425  | \$ 16,806,150  | \$ 17,514,950  | \$ 18,227,725  | \$ 18,944,475  | \$ 19,665,200  | \$ 20,390,000  | \$ 21,118,775  | \$ 21,851,525  | \$ 22,589,250  |
| 13 | Residential Revenue After Vacancy, Loss Collection, and Concessions  | \$ 3,479,270                 | \$ 9,767,091   | \$ 10,660,104  | \$ 11,354,004  | \$ 11,694,625  | \$ 11,982,553  | \$ 12,240,049  | \$ 12,474,409  | \$ 12,682,553  | \$ 12,862,932  | \$ 13,025,303  | \$ 13,171,318  | \$ 13,302,568  | \$ 13,419,758  | \$ 13,523,450  | \$ 13,616,558  | \$ 13,699,125  | \$ 13,771,250  | \$ 13,832,925  | \$ 13,895,650  | \$ 13,958,425  | \$ 14,021,250  |
| 14 | Potential LOC Revenue (Total)  | \$ 933,518                   | \$ 990,369     | \$ 1,020,080   | \$ 1,050,683   | \$ 1,114,669   | \$ 1,148,109   | \$ 1,182,553   | \$ 1,218,029   | \$ 1,254,570   | \$ 1,292,207   | \$ 1,330,973   | \$ 1,370,903   | \$ 1,412,040   | \$ 1,454,391   | \$ 1,498,922   | \$ 1,545,631   | \$ 1,594,520   | \$ 1,645,600   | \$ 1,698,879   | \$ 1,754,358   | \$ 1,812,040   | \$ 1,871,928   |
| 15 | Potential Community Fee - Turnover Revenue (Total)   | \$ 265,103                   | \$ 221,869     | \$ 225,381     | \$ 242,442     | \$ 249,716     | \$ 257,207     | \$ 270,871     | \$ 281,057     | \$ 289,489     | \$ 298,173     | \$ 307,119     | \$ 316,332     | \$ 325,822     | \$ 335,597     | \$ 345,663     | \$ 356,033     | \$ 366,716     | \$ 377,733     | \$ 389,095     | \$ 400,819     | \$ 412,904     | \$ 425,358     |
| 16 | Potential Other Revenue (Total)  | \$ 84,541                    | \$ 87,077      | \$ 93,588      | \$ 95,151      | \$ 98,006      | \$ 100,946     | \$ 103,974     | \$ 107,000     | \$ 110,137     | \$ 113,366     | \$ 116,692     | \$ 120,115     | \$ 123,632     | \$ 127,252     | \$ 130,975     | \$ 134,805     | \$ 138,741     | \$ 142,784     | \$ 146,935     | \$ 151,194     | \$ 155,561     | \$ 160,036     |
| 17 | Other Income/Vacancy and Loss Collection   | \$ 63,41%                    | \$ 15,67%      | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       | \$ 6,00%       |                |
| 18 | Other Revenue After Vacancy and Loss Collection  | \$ 468,777                   | \$ 1,071,387   | \$ 1,266,971   | \$ 1,304,980   | \$ 1,344,229   | \$ 1,384,453   | \$ 1,425,987   | \$ 1,468,766   | \$ 1,512,829   | \$ 1,558,214   | \$ 1,604,961   | \$ 1,653,109   | \$ 1,701,764   | \$ 1,751,034   | \$ 1,800,929   | \$ 1,851,450   | \$ 1,902,606   | \$ 1,954,397   | \$ 2,007,324   | \$ 2,061,397   | \$ 2,116,626   | \$ 2,173,019   |
| 19 | OPCO/Master Tenant Annual Gross Revenue (AGR)  | \$ 3,948,047                 | \$ 9,330,721   | \$ 11,034,062  | \$ 11,365,084  | \$ 12,057,217  | \$ 12,418,934  | \$ 12,791,502  | \$ 13,175,247  | \$ 13,570,504  | \$ 13,977,619  | \$ 14,396,948  | \$ 14,828,856  | \$ 15,273,722  | \$ 15,731,934  | \$ 16,203,892  | \$ 16,690,009  | \$ 17,190,709  | \$ 17,705,500  | \$ 18,234,900  | \$ 18,778,425  | \$ 19,337,000  | \$ 19,900,000  |
| 20 | Project Rent of <i>URE/Master Lessor</i>   |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 21 | URE/Master Lessor AGR  | \$ 1,928,131                 | \$ 3,971,949   | \$ 4,470,464   | \$ 4,470,464   | \$ 4,604,577   | \$ 4,742,715   | \$ 4,884,996   | \$ 5,031,546   | \$ 5,182,492   | \$ 5,337,967   | \$ 5,498,106   | \$ 5,663,049   | \$ 5,832,941   | \$ 6,007,929   | \$ 6,188,107   | \$ 6,373,812   | \$ 6,565,026   | \$ 6,761,840   | \$ 6,964,354   | \$ 7,172,668   | \$ 7,386,882   | \$ 7,607,096   |
| 22 | Annual Service Charge Rate   | 12.0%                        | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          | 12.0%          |                |
| 23 | Annual Service Charge Based on Percentage of URE/Master Lessor   | \$ 231,376                   | \$ 476,634     | \$ 505,661     | \$ 505,661     | \$ 524,831     | \$ 536,456     | \$ 552,549     | \$ 569,126     | \$ 586,200     | \$ 603,786     | \$ 621,899     | \$ 640,556     | \$ 659,953     | \$ 679,951     | \$ 699,515     | \$ 720,951     | \$ 742,500     | \$ 764,857     | \$ 787,803     | \$ 811,330     | \$ 835,447     | \$ 860,155     |
| 24 | Applicable Percentage of Taxes Otherwise Due   | 0%                           | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             |                |
| 25 | Annual Service Charge  | \$ 231,376                   | \$ 476,634     | \$ 505,661     | \$ 505,661     | \$ 524,831     | \$ 536,456     | \$ 552,549     | \$ 569,126     | \$ 586,200     | \$ 603,786     | \$ 621,899     | \$ 640,556     | \$ 659,953     | \$ 679,951     | \$ 699,515     | \$ 720,951     | \$ 742,500     | \$ 764,857     | \$ 787,803     | \$ 811,330     | \$ 835,447     |                |
| 26 | Annual Service Charge Before Land Tax Credit (Greater of 12% of URE/Master Lessor AGR or % of Taxes Otherwise Due) | \$ 231,376                   | \$ 476,634     | \$ 505,661     | \$ 505,661     | \$ 524,831     | \$ 536,456     | \$ 552,549     | \$ 569,126     | \$ 586,200     | \$ 603,786     | \$ 621,899     | \$ 640,556     | \$ 659,953     | \$ 679,951     | \$ 699,515     | \$ 720,951     | \$ 742,500     | \$ 764,857     | \$ 787,803     | \$ 811,330     | \$ 835,447     |                |
| 27 | Municipal Portion of Annual Service Charge (5%)  | \$ 11,569                    | \$ 23,832      | \$ 25,283      | \$ 25,283      | \$ 26,042      | \$ 26,823      | \$ 27,627      | \$ 28,459      | \$ 29,319      | \$ 30,189      | \$ 31,095      | \$ 32,028      | \$ 32,989      | \$ 33,968      | \$ 34,965      | \$ 35,981      | \$ 37,027      | \$ 38,104      | \$ 39,212      | \$ 40,351      | \$ 41,522      | \$ 42,725      |
| 28 | County Portion of Annual Service Charge (5%)   | \$ 219,807                   | \$ 452,802     | \$ 480,378     | \$ 494,789     | \$ 509,633     | \$ 524,922     | \$ 540,669     | \$ 556,890     | \$ 573,596     | \$ 590,804     | \$ 608,528     | \$ 626,784     | \$ 645,588     | \$ 664,955     | \$ 684,904     | \$ 705,451     | \$ 726,615     | \$ 748,413     | \$ 770,860     | \$ 793,979     | \$ 817,774     | \$ 842,269     |
| 29 | Admin. Fee (2% of Total Annual Service Charge After Land Tax)  | \$ 4,628                     | \$ 9,533       | \$ 10,113      | \$ 10,417      | \$ 10,729      | \$ 11,051      | \$ 11,383      | \$ 11,724      | \$ 12,076      | \$ 12,438      | \$ 12,811      | \$ 13,195      | \$ 13,591      | \$ 13,999      | \$ 14,419      | \$ 14,852      | \$ 15,297      | \$ 15,756      | \$ 16,228      | \$ 16,714      | \$ 17,215      | \$ 17,731      |
| 30 | Total Annual Municipal Net Revenue (Municipal Portion of ASC)  | \$ 234,434                   | \$ 462,335     | \$ 490,491     | \$ 505,206     | \$ 535,973     | \$ 552,052     | \$ 568,614     | \$ 585,672     | \$ 603,242     | \$ 621,339     | \$ 639,980     | \$ 659,179     | \$ 678,954     | \$ 699,323     | \$ 720,300     | \$ 741,912     | \$ 764,109     | \$ 786,887     | \$ 810,244     | \$ 834,189     | \$ 858,734     | \$ 883,879     |
| 31 | Consolidated (Master Lessor and OPCO) Operating Expenses   |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 32 | Labor Expenses   |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 33 | Administrative Expense <sup>1</sup>  | \$ (296,137)                 | \$ (314,711)   | \$ (333,597)   | \$ (343,304)   | \$ (353,603)   | \$ (364,211)   | \$ (375,131)   | \$ (386,391)   | \$ (397,983)   | \$ (409,923)   | \$ (422,220)   | \$ (434,887)   | \$ (447,933)   | \$ (461,371)   | \$ (475,213)   | \$ (489,469)   | \$ (504,153)   | \$ (519,288)   | \$ (534,883)   | \$ (550,949)   | \$ (567,496)   |                |
| 34 | Food Service Expense <sup>2</sup>  | \$ (327,554)                 | \$ (546,243)   | \$ (603,165)   | \$ (659,095)   | \$ (678,868)   | \$ (699,234)   | \$ (720,211)   | \$ (741,817)   | \$ (764,072)   | \$ (786,994)   | \$ (810,604)   | \$ (834,922)   | \$ (859,609)   | \$ (885,768)   | \$ (912,341)   | \$ (939,372)   | \$ (966,883)   | \$ (994,883)   | \$ (1,023,383) | \$ (1,052,393) | \$ (1,081,913) | \$ (1,111,953) |
| 35 | Resident Care Expense <sup>3</sup>   | \$ (1,133,743)               | \$ (1,836,905) | \$ (2,045,714) | \$ (2,107,086) | \$ (2,232,407) | \$ (2,302,470) | \$ (2,371,544) | \$ (2,440,269) | \$ (2,518,971) | \$ (2,597,450) | \$ (2,685,933) | \$ (2,774,630) | \$ (2,863,751) | \$ (2,953,406) | \$ (3,043,704) | \$ (3,134,755) | \$ (3,226,568) | \$ (3,319,143) | \$ (3,412,490) | \$ (3,506,619) | \$ (3,601,540) | \$ (3,697,263) |
| 36 | Activities Expense <sup>4</sup>  | \$ (183,712)                 | \$ (189,224)   | \$ (194,900)   | \$ (200,747)   | \$ (206,770)   | \$ (212,973)   | \$ (219,362)   | \$ (225,943)   | \$ (232,721)   | \$ (239,699)   | \$ (246,878)   | \$ (254,260)   | \$ (261,857)   | \$ (269,574)   | \$ (277,412)   | \$ (285,371)   | \$ (293,453)   | \$ (301,660)   | \$ (309,993)   | \$ (318,453)   | \$ (327,037)   | \$ (335,745)   |
| 37 | Honshousing Expense <sup>5</sup>   | \$ (89,674)                  | \$ (131,801)   | \$ (153,220)   | \$ (157,713)   | \$ (162,445)   | \$ (167,338)   | \$ (172,393)   | \$ (177,620)   | \$ (183,033)   | \$ (188,633)   | \$ (194,422)   | \$ (200,400)   | \$ (206,570)   | \$ (212,933)   | \$ (219,492)   | \$ (226,249)   | \$ (233,206)   | \$ (240,365)   | \$ (247,728)   | \$ (255,297)   | \$ (263,067)   | \$ (271,039)   |
| 38 | Maintenance Expense <sup>6</sup>   | \$ (69,067)                  | \$ (98,499)    | \$ (109,171)   | \$ (108,124)   | \$ (109,475)   | \$ (114,709)   | \$ (118,150)   | \$ (121,694)   | \$ (125,349)   | \$ (129,104)   | \$ (132,969)   | \$ (136,945)   | \$ (141,033)   | \$ (145,234)   | \$ (149,549)   | \$ (153,979)   | \$ (158,524)   | \$ (163,185)   | \$ (167,954)   | \$ (172,833)   | \$ (177,822)   | \$ (182,921)   |
| 39 | Marketing - Salaries Expense <sup>7</sup>  | \$ (8,691)                   | \$ (19,399)    | \$ (179,613)   | \$ (185,200)   | \$ (190,572)   | \$ (196,238)   | \$ (202,177)   | \$ (208,245)   | \$ (214,488)   | \$ (220,924)   | \$ (227,552)   | \$ (234,378)   | \$ (241,402)   | \$ (248,632)   | \$ (256,110)   | \$ (263,853)   | \$ (271,862)   | \$ (280,137)   | \$ (288,579)   | \$ (297,288)   | \$ (306,263)   | \$ (315,504)   |
| 40 | Marketing - Bonuses Expense <sup>8</sup>   | \$ (48,345)                  | \$ (30,096)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    | \$ (26,460)    |
| 41 | Payroll Taxes + Benefits Expense <sup>9</sup>  | \$ (450,947)                 | \$ (749,296)   | \$ (826,865)   | \$ (851,671)   | \$ (877,222)   | \$ (903,538)   | \$ (930,644)   | \$ (958,564)   | \$ (987,321)   | \$ (1,016,940) | \$ (1,047,448) | \$ (1,114,575) | \$ (1,178,912) | \$ (1,224,280) | \$ (1,250,708) | \$ (1,282,229) | \$ (1,318,876) | \$ (1,360,663) | \$ (1,408,616) | \$ (1,462,753) | \$ (1,523,096) | \$ (1,589,665) |
| 42 | Non-Labor Expenses   |                              |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 43 | Administrative Expense <sup>1</sup>  | \$ (203,243)                 | \$ (203,446)   | \$ (203,457)   | \$ (204,262)   | \$ (204,466)   | \$ (204,670)   | \$ (204,875)   | \$ (205,080)   | \$ (205,285)   | \$ (205,490)   | \$ (205,696)   | \$ (205,901)   | \$ (206,107)   | \$ (206,313)   | \$ (206,520)   | \$ (206,727)   | \$ (206,934)   | \$ (207,142)   | \$ (207,350)   | \$ (207,558)   | \$ (207,766)   | \$ (207,975)   |
| 44 | Food Service Expense <sup>2</sup>  | \$ (175,319)                 | \$ (377,937)   | \$ (431,031)   | \$ (443,961)   | \$ (457,280)   | \$ (470,999)   | \$ (485,129)   | \$ (499,683)   | \$ (514,173)   | \$ (529,617)   | \$ (545,017)   | \$ (560,372)   | \$ (575,684)   | \$ (590,953)   | \$ (606,184)   | \$ (621,376)   | \$ (636,529)   | \$ (651,644)   | \$ (666,719)   | \$ (681,754)   | \$ (696,749)   |                |
| 45 | Resident Care Expense <sup>3</sup>   | \$ (3,060)                   | \$ (9,655)     | \$ (69,263)    | \$ (73,481)    | \$ (75,685)    | \$ (77,960)    | \$ (80,295)    | \$ (82,703)    | \$ (85,185)    | \$ (87,740)    | \$ (90,372)    | \$ (93,084)    | \$ (95,876)    | \$ (98,        |                |                |                |                |                |                |                |                |



**Exhibit H**

Form of Proposed Financial Agreement

## FINANCIAL AGREEMENT

**THIS FINANCIAL AGREEMENT** (hereinafter “**Agreement**” or “**Financial Agreement**”), made this [ ] day of [ ], 202[ ] (the “**Effective Date**”), by and between **STIRLING SL URBAN RENEWAL LLC**, a New Jersey limited liability company qualified as an urban renewal entity in accordance with the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (the “**Tax Exemption Law**”), including any successors and assigns (the “**Entity**”) and the **TOWNSHIP OF LONG HILL**, a municipal corporation in the County of Morris and the State of New Jersey (the “**Township**” and together with the Entity, the “**Parties**”, or each a “**Party**”).

### **WITNESSETH:**

**WHEREAS**, on June 9, 2021, the Township Committee of the Township (the “**Committee**” or “**Township Committee**”) adopted Resolution 21-166, authorizing the Township of Long Hill Planning Board (“**Planning Board**”) to undertake a preliminary investigation of the property known as 1106-1122 Valley Road, Stirling (Long Hill Township), New Jersey 07980, and identified on the tax maps of the Township as Block 11401, Lot 7 (the “**Property**” or “**Project Area**”), to determine whether such Property was an area in need of redevelopment 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 together with the Tax Exemption Law, the “**Acts**”) ; and

**WHEREAS**, on December 14, 2021, following a duly held public hearing conducted by the Planning Board on November 23, 2021, the Planning Board adopted Resolution 2021-12-PB memorializing its determination to accept and adopt the findings of the investigative report entitled “Area in Need of Redevelopment Study for Block 11401, Lot 7” prepared by Jessica Caldwell, PP, AICP of J. Caldwell & Associates, LLC and recommending that the Property be designated as a non-condemnation redevelopment area; and

**WHEREAS**, on January 19, 2022, the Township Committee adopted resolution 2022-043 designating the Property as a non-condemnation redevelopment area in accordance with the Redevelopment Law; and

**WHEREAS**, on August 10, 2022, the Township Committee introduced on first reading Ordinance 498-22, “Adopting 1106-1122 Valley Road Redevelopment Plan, Block 11401, Lot 7 (A/K/A the Former Carwash Site),” a redevelopment plan to govern the redevelopment of the Property pursuant to the Redevelopment Law (as same may be amended from time to time, the “**Redevelopment Plan**”); and

**WHEREAS**, on September 28, 2022, after complying with all procedural requirements required under the Redevelopment Law and the Municipal Land Use Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (the “**MLUL**”), the Township Committee held a public hearing concerning the Redevelopment Plan, and following same adopted the Redevelopment Plan; and

**WHEREAS**, the Entity is the contract purchaser of the Property, and intends to redevelop the Property with a new building providing residential housing for senior citizens, which is anticipated to consist of approximately one hundred and six (106) senior units, together with



resident amenity space, office space, and such other similar and supportive ancillary space and uses, all in accordance with the Redevelopment Agreement (defined hereafter) and Redevelopment Plan (the “**Project**”); and

**WHEREAS**, in order to implement the development, financing, construction, operation, and management of the Project, the Township and the Entity entered into that certain redevelopment agreement dated December 15, 2022 (the “**Redevelopment Agreement**”), which Redevelopment Agreement details the rights and responsibilities of the Township and the Entity with respect to the Project; and

**WHEREAS**, pursuant to and in accordance with the provisions of the Tax Exemption Law, the Township is authorized to provide for tax exemptions within a redevelopment area and for payments in lieu of taxes; and

**WHEREAS**, the Redevelopment Agreement expressly contemplates that the Entity and the Township will enter into a financial agreement with a thirty (30) year term, providing for a tax abatement and payment in lieu of taxes pursuant to the Tax Exemption Law; and

**WHEREAS**, in accordance with the Tax Exemption Law, the Entity has submitted an application to the Township for the approval of a tax exemption for the Project consistent with N.J.S.A. 40A:20-8 (the “**Exemption Application**”) a copy of which is attached hereto as **Exhibit A**; and

**WHEREAS**, on [\_\_\_\_\_] [\_\_\_], 2023, the Township adopted [Ordinance No. \_\_\_ - \_\_\_\_] authorizing the execution and delivery of this Financial Agreement (the “**Ordinance**”), a copy of which Ordinance is attached hereto as **Exhibit B**; and

**WHEREAS**, the Township and the Entity have reached agreement with respect to, among other things, the terms and conditions relating to the Annual Service Charges, as such term is defined herein, and desire to execute this Financial Agreement.

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

## **ARTICLE I GENERAL PROVISIONS**

### **SECTION 1.01      General Definitions**

(a) The following terms shall have the respective meanings ascribed to such terms in the preambles:

Acts  
Agreement  
Committee  
Effective Date  
Entity  
Exemption Application  
Financial Agreement

MLUL  
Ordinance  
Parties  
Party  
Planning Board  
Property  
Project  
Project Area  
Redevelopment Agreement  
Redevelopment Area  
Redevelopment Law  
Redevelopment Plan  
State  
Tax Exemption Law  
Township  
Township Committee

(b) The following terms as used in this Financial Agreement shall, unless the context clearly requires otherwise, have the following meanings:

Allowable Net Profit – The annual amount of Net Profit not otherwise in excess of the Allowable Profit Rate.

Allowable Profit Rate - The annual percentage rate as set forth in N.J.S.A. 40A:20-3(b).

Annual Gross Revenue – The annual gross revenue for the Project as determined pursuant to the Tax Exemption Law, which shall be calculated as one hundred percent (100%) of the Market Rent received by the Entity, as the Owner of the Project, from the Tenant Operating Entity; provided, however, that the Parties acknowledge and agree that any customary operating and maintenance expenses of the Tenant Operating Entity, such as taxes (including payments in lieu thereof, such as the Annual Service Charge), insurance, utilities and other operating and maintenance expenses paid directly by the Tenant Operating Entity shall not constitute part of the Market Rent and shall not be included in Annual Gross Revenue.

Annual Service Charge – The total amount that the Entity has agreed to pay the Township, pursuant to this Agreement and the Tax Exemption Law, in lieu of any taxes on the Project. The Annual Service Charge shall be calculated in accordance with Article IV hereof.

Annual Service Charge Start Date – shall have the meaning given such term in Section 4.01 hereof.

Auditor's Report - A complete financial statement, the contents of which have been prepared in a manner consistent with GAAP and that fully details all items as required by the Tax Exemption Law, including without limitation, (a) the terms and interest rate on any mortgage(s) associated with the Property, and/or any Improvements related thereto, (b) the Net Profit for the period shown, including the calculation thereof, and (c) such details as may relate to the financial affairs of the Owner and to its operation and performance hereunder, and that 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.

Certificate of Occupancy - The document issued by the Township in accordance with the New Jersey Administrative Code, authorizing the occupancy of a building or structure, or a portion thereof, on the Property.

Completion Date – shall mean the date on which a Certificate of Occupancy, including a temporary Certificate of Occupancy, shall be issued for the Improvements comprising the Project.

Estimated Total Project Costs – The estimated Total Project Costs, as of the date hereof, and as set forth in **Exhibit C** attached hereto.

Excess Net Profit – In any given year, an amount equal to the sum of (a) the Net Profit, minus (b) the Allowable Net Profit.

Excusable Delay – means any event or condition beyond the reasonable control of the Entity, including but not limited to delay caused by governmental action, or lack thereof (including, without limitation, any delay in the issuance of required permits or in the scheduling or performance of required inspections, or any legal requirement relating to any pandemic, epidemic or other public health emergency that prohibits performance of the construction of the Project); shortages or unavailability of materials; general labor disputes that are not specific to the Project (including, but not limited to, strikes, slowdowns, job actions, picketing and/or secondary boycotts); fire, flood, explosion or other casualty; delays in transportation; delays due to adverse weather conditions; acts of God; acts of declared or undeclared war, acts of terrorism, public disorder, riot or civil commotion; any epidemic, pandemic, or other public health emergency; or by any other similar cause beyond the reasonable control of the Entity, including delays caused directly or indirectly by an act or a failure to act by the Township or its affiliates, employees, agents, contractors, or consultants.

GAAP - Generally accepted accounting principles as in effect from time to time in the United States of America.

Improvements – Shall mean, individually or collectively, as the case may be, the improvements approved by the Township and actually constructed to Completion on, in or under the Property in accordance with the Redevelopment Agreement.

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

Land Taxes - The taxes assessed on the value of the land portion, exclusive of the value of any Improvements related thereto, of the Property in accordance with generally applicable law.

Material Condition – Shall have the meaning given to such term in Section 4.06 hereof.

Market Rent – Shall have the meaning give to such term in Section 4.03, and shall be limited only to the basic annual rent payable by the Tenant Operating Entity (i.e. excluding any items of any additional rent such as customary operating and maintenance expenses paid directly by the Tenant Operating Entity), in the amounts set forth in **Schedule 4.03**.

Minimum Annual Service Charge - The minimum annual service charge shall be the amount of the total taxes levied against the Property in the last full tax year in which the area was subject to.

Net Profit – The Annual Gross Revenue of the Owner less all annual operating and non-operating expenses of the Owner, all determined in accordance with GAAP and the Tax Exemption Law, specifically N.J.S.A. 40A:20-3(c). All those items included, or permitted to be included, as

expenses pursuant to N.J.S.A. 40A:20-3(c) shall, as applicable, constitute expenses for purposes of calculating Net Profit under this Agreement.

Owner – Shall mean any person, company or entity that shall obtain, accept or claim fee title ownership of the Property and the Improvements whether by sale, grant, award, gift, transfer or otherwise, it being hereby expressly acknowledged by the Parties hereto that as of the date hereof the Entity is the Owner.

Operating Tenant Entity – Shall have the meaning given to such term in Section 4.03 hereof.

Project Agreements - Shall mean, individually or collectively, as the case may be, the Redevelopment Agreement and any and all other agreements by and between the Entity, and/or the Owner, and the Township.

Tax Assessor - The tax assessor for the Township.

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

Total Project Cost – The Project costs included in each of the categories set forth in N.J.S.A. 40A:20-3(h).

Urban Renewal Entity – Shall have the meaning as such term is defined, used and applied in the Tax Exemption Law.

**SECTION 1.02**      Exhibits Incorporated.

All exhibits and schedules referred to in this Financial Agreement and attached hereto are incorporated herein and made part hereof. Such exhibits and schedules include:

**Schedules**

- |               |   |
|---------------|---|
| Schedule 1    | Metes and bounds description of the Property      |
| Schedule 4.03 | Market Rent and Annual Service Charge Computation |

**Exhibits**

- |           |   |
|-----------|---|
| Exhibit A | Exemption Application   |
| Exhibit B | Ordinance   |
| Exhibit C | Estimated Total Project Costs   |
| Exhibit D | Formation Documents of the Entity, as the Owner as of the date hereof |

**ARTICLE II**  
**APPROVAL**

**SECTION 2.01**      Township Approval of Tax Exemption

Pursuant to the Ordinance, any and all Improvements shall be exempt from taxation as provided for herein and in the Tax Exemption Law. In accordance with the Tax Exemption Law, including without limitation N.J.S.A. 40A:20-12, such tax exemption shall constitute a single continuing exemption from local property taxation for the duration of this Financial Agreement. The Project shall be as described in the Exemption Application and the Redevelopment Agreement and the Owner hereby expressly covenants, warrants and represents that the Property, including any Improvements related thereto, shall be used, managed and operated for the purposes set forth in the Exemption Application and in accordance with the Redevelopment Agreement and the Acts. Prior to the Completion Date, the Property, including any and all improvements then-currently existing thereon, shall be assessed and taxed according to the general law applicable to all other non-exempt property located within the Township.

**SECTION 2.02**      Township Approval of Project

Approval is hereby granted by the Township to the Entity for the development, financing, acquisition, construction, management and operation of the Project, which shall in all respects comply and conform to the Redevelopment Agreement and all applicable statutes of the State, and the lawful regulations made pursuant thereto, governing land, building(s) and the use thereof. Attached hereto as Exhibit D is a true copy of the certificate of formation of the Entity, as the Owner of the Property as of the date hereof.

**SECTION 2.03**      Improvements to be Constructed

The Entity hereby covenants, warrants and represents that it will construct and/or renovate the Project Area in accordance with the Redevelopment Agreement.

**SECTION 2.04**      Construction Schedule

The Entity covenants, warrants and represents to undertake construction and complete the Project in accordance with the Construction Schedule set forth in the Redevelopment Agreement.

**ARTICLE III**  
**DURATION OF AGREEMENT**

**SECTION 3.01**      Term

(a) It is hereby expressly understood and agreed by the Parties that this Agreement, including the obligation to pay the Annual Service Charges required under Article IV hereof and the tax exemption granted herein and referred to in Section 2.01 hereof, shall remain in effect for a period of thirty (30) years from the Completion Date, but in no event later than thirty five (35) years from the Effective Date of this Agreement. Upon the expiration or other termination of the Agreement as provided for herein: (i) the Property, including any Improvements related thereto, shall be assessed and taxed according to the general law applicable to all other non-exempt property located within the Township; and (ii) all restrictions and limitations imposed upon an Owner and the Property, including the Improvements related thereto, pursuant to this Agreement,

shall terminate upon the Owner's rendering of, and the Township's acceptance of, the Owner's final accounting in accordance with N.J.S.A. 40A:20A-12.

**SECTION 3.02**      Voluntary Termination

(a) In accordance with the Tax Exemption Law, N.J.S.A. 40A:20-9(g) and 13, at any time after one (1) year from the Completion Date, an Owner may voluntarily terminate this Financial Agreement and relinquish its status under the Tax Exemption Law.

(b) Notwithstanding anything contained in this Financial Agreement to the contrary, in the event that an Owner shall voluntarily terminate this Financial Agreement in accordance with Section 3.02(a) hereof, the tax exemption provided for in this Financial Agreement shall no longer be applicable to the Property or any Improvements related thereto, and the Property, including any and all of Improvements related thereto, shall thereafter be assessed and taxed according to the general law applicable to all other non-exempt property located within the Township.

(c) Notwithstanding anything contained in this Financial Agreement to the contrary, in the event that an Owner shall voluntarily terminate this Financial Agreement in accordance with Section 3.02(a) hereof, the date of such termination shall be deemed the close of the fiscal year of the Owner, in accordance with the Tax Exemption Law, including without limitation N.J.S.A. 40A:20-13.

**SECTION 3.03**      Apportionment

Notwithstanding anything contained in this Financial Agreement to the contrary, in the event that this Financial Agreement shall be terminated, the procedure for the apportionment of any taxes and/or Annual Service Charges, as applicable, shall be the same as would otherwise be applicable to, in accordance with the laws of the State, any other property located within the Township upon a change in the exemption or tax status of such property.

**ARTICLE IV**  
**ANNUAL SERVICE CHARGE**

**SECTION 4.01**      Commencement of Annual Service Charge

In consideration of the tax exemption granted by the Ordinance and by this Agreement, the Entity shall make payment of the Annual Service Charge or Minimum Annual Service Charge, whichever is greater, in the amounts set forth in Section 4.03 commencing on the first day of the month following the Completion Date (“**Annual Service Charge Start Date**”).

**SECTION 4.02**      Payment of Annual Service Charge

The Annual Service Charge shall be due and payable in equal quarterly installments on each November 1, February 1, May 1 and August 1 after the Annual Service Charge Start Date. The Annual Service Charge (or Minimum Annual Service Charge, if and as applicable) shall be prorated in the year in which the Annual Service Charge Start Date occurs and in the year in which



this Financial Agreement shall terminate. In the event that the Owner fails to timely pay any installment, the amount past due may bear interest at the highest rate of interest permitted under applicable State law in the case of unpaid taxes or tax liens on the Property until paid.

**SECTION 4.03**      Annual Service Charge

(a) The Annual Service Charge shall be equal to an amount calculated as follows:

(i) Upon the Annual Service Charge Start Date, and for fifteen (15) years, the Annual Service Charge shall be equal to twelve percent (12%) of the Annual Gross Revenue of the Entity. It is understood, acknowledged and agreed that the Entity will lease the Project to an operating entity (including its successors and assigns, the “**Operating Tenant Entity**”). The annual rental payments to be paid to the Entity by the Operating Tenant Entity (the “**Market Rent**”) are set forth on **Schedule 4.03**, attached hereto, which amounts have been negotiated by the Parties and are agreed to establish a fair and commercially reasonable rent, and which amounts will generate the scheduled Annual Service Charge payments also listed on **Schedule 4.03**. The Market Rent payable by the Tenant Operating Entity shall not, during the term of this Agreement, be altered from that which is set forth on **Schedule 4.03** except with the consent of the Township.

(ii) For each of the years sixteen (16) through twenty-one (21) from the Completion Date, the Annual Service Charge shall be equal to the greater of: (A) twelve percent (12%) of the Annual Gross Revenue or (B) twenty percent (20%) of the real property taxes otherwise due on the value of the Land and the Improvements;

(iii) For each of the years twenty-two (22) through twenty-seven (27) from the Completion Date, the Annual Service Charge shall be equal to the greater of (A) twelve percent (12%) of the Annual Gross Revenue or (B) forty percent (40%) of the real property taxes otherwise due on the value of the Land and the Improvements;

(iv) For each of the years twenty-eight (28) through twenty-nine (29) from the Completion Date, the Annual Service Charge shall be equal to the greater of (A) twelve percent (12%) of the Annual Gross Revenue or (B) sixty percent (60%) of the real property taxes otherwise due on the value of the Land and the Improvements;

(v) For year thirty (30) from the Completion Date, the Annual Service Charge shall be equal to the greater of (A) twelve percent (12%) of the Annual Gross Revenue or (B) eighty percent (80%) of the real property taxes otherwise due on the value of the Land and the Improvements; and

(b) In accordance with the Tax Exemption Law, including without limitation, N.J.S.A. 40A:20-12, the Owner shall be entitled to a credit against the Annual Service Charge equal to the amount, without interest, of the Land Taxes paid by it in the last four preceding quarterly installments.

(c) Notwithstanding anything contained in this Financial Agreement to the contrary, the Annual Service Charge payable to the Township shall in no event be less than the Minimum Annual Service Charge.

**SECTION 4.04**      Municipal Charges

The Owner hereby expressly acknowledges, understands, and agrees that the Annual Service Charge shall not be in lieu of water and sewer charges, special improvement district assessments, or other special assessments lawfully assessed against the Property by the Township.

**SECTION 4.05**      Total Project Costs

Within one hundred and twenty (120) days following the issuance of the last Certificate of Occupancy, the Entity shall submit, or cause the submission of, the actual certified Total Project Costs to the Township in the form attached hereto as **Exhibit C**.

**SECTION 4.06**      Material Conditions; Severability

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

**SECTION 4.07**      Administrative Fee.

The Owner shall pay to the Township a fee of two percent (2%) of the Annual Service Charge as an administrative fee to be paid annually for the term of this Agreement. For purposes of enforcement of collections only, such payments shall be considered to be an additional part of the Annual Service Charge.

**ARTICLE V**  
**CERTIFICATE OF OCCUPANCY AND NO FURTHER ACTION LETTER**

**SECTION 5.01**      Certificate of Occupancy

It is understood and agreed that the Entity shall remain obligated to apply for, and to make commercially reasonable efforts to obtain, Certificate(s) of Occupancy (whether temporary or



permanent) for the Property and the Improvements in a timely manner in accordance with and subject to the Redevelopment Agreement.

**SECTION 5.02**      Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with the Tax Assessor, Tax Collector, and Chief Financial Officer of the Township a copy of any Certificate of Occupancy, or such other final approval as may be required.

**ARTICLE VI**  
**TOWNSHIP DETERMINATIONS**

**SECTION 6.01**      Benefits and Importance of Tax Exemption

In accordance with the Tax Exemption Law, including without limitation N.J.S.A. 40A:20-11, the Township hereby finds and determines that this 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 into a productive, useful and job-creating property, and further:

(a)      The costs associated with the tax exemption granted herein are minor compared to the Estimated Total Project Cost of [\$ \_\_\_\_\_] and the benefit to the Township created by: (i) the construction of the Improvements and the availability and operation of additional senior housing and support services within the Township; (ii) the addition of construction and similar trade jobs on a temporary basis; and (iii) the addition of approximately thirty five (35) to forty five (45) jobs on a permanent basis.

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

**ARTICLE VII**  
**ANNUAL AUDITS**

**SECTION 7.01**      Accounting System

The Owner hereby expressly covenants and agrees to maintain a system of accounting and internal controls established and administered in accordance with GAAP consistently applied, and as otherwise prescribed in the Tax Exemption Law, during the term of this Agreement.

**SECTION 7.02**      Periodic Reports

In accordance with the Tax Exemption Law, N.J.S.A. 40A:20-9(d), the Owner shall submit, on an annual basis and within ninety (90) days after the close of the calendar year or the Owner's fiscal year, depending upon the Owner's accounting basis, its Auditor's Report for the preceding

fiscal or calendar year to the Mayor, the Township Committee and the Township Clerk, who shall advise those municipal officials required to be advised.

**SECTION 7.03**      Inspection

In accordance with the Tax Exemption Law, N.J.S.A. 40A:20-9(e), upon the written request of the Township or the State, the Owner shall permit the inspection of the Property, including any Improvements related thereto, by the requesting party. It also shall permit, upon the written request of the Township or the State, reasonable examination and audit of its books, contracts, records, documents and papers by duly authorized representatives of the Township or the State, as applicable. Such inspection, examination or audit shall be made during normal business hours in the presence of a designated officer or agent of the Owner. The Parties agree that ten (10) days advance written notice shall constitute a reasonable request for inspection or examination pursuant to this Section 7.03, provided however that the Owner shall be entitled to an extension of time for any inspection or examination, up to ten (10) additional days, but no longer. Except to the extent required by applicable law, all information and documentation provided hereunder shall remain confidential and not subject to public disclosure.

**SECTION 7.04**      Payment of Dividends and Profits

In the event the Net Profit of the Owner shall exceed the Allowable Net Profit for such period, then the Owner shall, within ninety (90) days after the end of such fiscal year, pay such Excess Net Profit to the Township as an additional service charge hereunder, provided, however that the Owner may maintain any reserves permitted the Tax Exemption Law, including by N.J.S.A. 40A:20-3 and 40A:20-15, or as provided in this Agreement.

**SECTION 7.05**      Limitation on Profits and Reserves

(a) During the period of tax exemption as provided herein, the Owner shall be subject to limitation of its profits payable pursuant to the provisions of the Tax Exemption Law, N.J.S.A. 40A: 20-15. The Parties acknowledge and agree that such limitation shall apply solely to the Annual Gross Revenue received by the Owner, with any gain from the sale of all or a portion of the Project to be excluded from such calculation as set forth in the Tax Exemption Law, N.J.S.A. 40A:20-14(b) and 40A:20-3(a). Notwithstanding anything to the contrary contained herein, The Owner shall have the right, but not the obligation, to establish a reserve against items such as unpaid rentals, reasonable contingencies and/or vacancies in an amount not exceeding ten (10%) of the Annual Gross Revenue of the Entity for the fiscal year preceding the year in which a determination is being made with respect to permitted Net Prots as provided in N.J.S.A. 40A: 20-15, said reserve to be noncumulative; it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of ten percent (10%) of the preceding year's gross revenues.

(b) There is expressly excluded from calculation of Annual Gross Revenue and from Net Profit, as set forth in the Tax Exemption Law, N.J.S.A. 40A:20-3, for the purpose of determining compliance with N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16: (i) any gain realized by an Owner on the sale of the Property or any portion thereof whether or not taxable under Federal

or State law; (ii) proceeds from financing or refinancing of a mortgage or mortgages encumbering the Property or any portion thereof, provided the proceeds of which are utilized for purposes relating to the Project and not for distribution of profits; (iii) insurance claim payments; and (iv) any and all funds received pursuant to an agreement with a regulated utility service provider that are a contribution in the aid of construction or otherwise and are refundable in the form of billing credits in accordance with the utility's "Tariff for Service." Notwithstanding anything to the contrary contained herein, in determining whether Net Profit for an accounting period exceeds Allowable Net Profits for such accounting period, including as provided in N.J.S.A. 40A:20-15, Excess Net Profits shall be calculated annually, but on a cumulative basis beginning upon the Completion Date.

**ARTICLE VIII**  
**SALE AND/OR TRANSFER OF PROJECT**

**SECTION 8.01**      Transfer.

(a) Provided the Entity is not then in default of this Financial Agreement beyond any applicable notice and cure period, the Entity (an any successor, subject to the terms of this Agreement) shall have the right, pursuant to the Tax Exemption Law, N.J.S.A. 40A:20-10(a), to sell, transfer, or otherwise convey the Project and this Agreement, upon notice to the Township, provided that: (i) such sale, transfer, or other conveyance is to an Urban Renewal Entity; (ii) such transferee Urban Renewal Entity does not own any other project subject to a long term tax exemption at the time of transfer; and (iii) such transferee Urban Renewal Entity has expressly assumed, in writing, all of the obligations set forth in this Financial Agreement. Upon the consummation of a transfer in accordance with this Section 8.01(a), the succeeding transferee assumes all obligations in this Agreement and the Township shall, thereafter, not look to the Entity to fulfill any obligation in this Agreement which shall have first accrued after the date of such transfer.

(b) Notwithstanding anything to the contrary, the Parties acknowledge that the Entity intends to lease the Property (including the Improvements to be constructed thereon) to the Operating Tenant Entity, which may be an affiliate of the Entity, and in turn the Operating Tenant Entity may lease individual senior units to residents and providers in the ordinary course business. Such transactions shall not be deemed to violate any provision of this Agreement, including the provisions of this Article VIII.

**SECTION 8.02**      Prohibitions

(a) The Owner hereby expressly covenants, warrants and represents that it shall not, without the prior written consent of the Township, in the Township's sole discretion, subdivide or partition the Property into separate parcels.

(b) The Owner hereby expressly covenants, warrants and represents that it shall not, without the prior written consent of the Township, in the Township's sole discretion, subdivide or partition the Property into separate parcels.

**SECTION 8.03**      Subordination of Encumbrances on Fee Title; Estoppel Certificate

(a) It is expressly acknowledged, understood and agreed that the Owner shall have the right to encumber or assign (or both) its fee title to the Property and Improvements, and may encumber or assign (or both), for the purposes of financing the design, development, operation of the Project, or in connection with any mortgage financing, its interest in this Agreement, and any such encumbrance or assignment shall not be deemed to be a default under this Agreement.

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

**SECTION 8.04**      Operation of Project

At all times during the term of this Agreement, the Property, including any Improvements related thereto, shall be operated in accordance with all applicable laws.

**ARTICLE IX**  
**WAIVER**

**SECTION 9.01**      Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the Township or the Owner of any rights and remedies provided by law for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit any right of recovery that the Township has under law, in equity, or under any provision of this Financial Agreement.

**ARTICLE X**  
**NOTICE**

**SECTION 10.01**      Notice

Any notice or communication which may be given or is required to be given pursuant to the terms of this Agreement shall be in writing and shall be personally delivered, mailed by certified or registered mail, return receipt requested, delivered by a nationally recognized overnight courier or sent by email (and, in the case of email, an original notice or demand shall be delivered by next day overnight delivery service), to the other party as follows:

(a) When sent to the Entity, as the Owner as of the date hereof, it shall be addressed as follows:

March Development LLC  
31 Springbrook Rd.  
Morristown, New Jersey 07960  
Attn: Anthony Marchigiano  
Email: anthony@marchdevelops.com

with copy to:

Gibbons P.C.  
One Gateway Center  
Newark, New Jersey 07102-5301  
Attn: Andrew Camelotto, Esq.  
Email: acamelotto@gibbonslaw.com

(b) When sent to an Owner other than the Entity, it shall be addressed to such Owner's address as set forth in the tax records of the Township;

(c) If to the Township:

Nancy Malool, Administrator  
Township of Long Hill  
915 Valley Road  
Gillette, New Jersey 07933  
Email: administrator@longhillnj.gov

With a copy to:

John R. Pidgeon  
Pidgeon & Pidgeon, P.C.  
Five Vaughn Drive, Suite 309  
Princeton, New Jersey 08540  
Email: jpidgeon@pidgeonlaw.com

From time to time either party may designate a different person or address for all the purposes of this Notice provision by giving the other party no less than ten (10) Days' notice in advance of such change of address in accordance with the provisions hereof. Counsel for a party may give notices on behalf of such party

## **ARTICLE XI** **COMPLIANCE**

### **SECTION 11.01**     Statutes and Ordinances

The Owner hereby expressly agrees at all times prior to the expiration or other termination of this Financial Agreement to remain bound by the provisions of applicable Federal and State law and any lawful ordinances of the Township, including but not limited to the Tax Exemption Law.

The Entity's failure to comply with this Section 11.01 in a manner which materially adversely affects the Township's ability to enforce, and receive the benefits of, this Agreement shall constitute a violation and breach of this agreement.

**ARTICLE XII**  
**CONSTRUCTION**

**SECTION 12.01**     Construction

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

**ARTICLE XIII**  
**INDEMNIFICATION**

**SECTION 13.01**     Indemnification

In the event the Township is named as a defendant in any action brought against the Owner by a third party unrelated to the Owner or the Township, by reason of any breach, default, or violation of any of the provisions of this Agreement or the Tax Exemption Law by the Owner, then the Owner shall indemnify and hold the Township harmless, and the Owner agrees to defend such action at its own expense. However, the Township maintains the right to intervene as a party thereto, to which intervention the Owner consents, the expense thereof of to be borne by the Township in such instance.

**ARTICLE XIV**  
**DEFAULT**

**SECTION 14.01**     Default

Default under this Agreement shall be defined as the failure of the Owner to conform with the terms of this Agreement and, further, by such failure of the Owner to comply with any statute, ordinance, or lawful regulation which in any case may materially, adversely affect the Township's ability to enforce the terms of this Agreement and receive the benefits hereof.

**SECTION 14.02**     Cure Upon Default

Should the Owner be in default under this Agreement as provided in **Section 14.01**, the Township shall notify the Owner in writing of said default. Said notice shall set forth with particularity the basis of said default. Except as otherwise limited by law, the Owner shall have ninety (90) days from its receipt of notice from the Township to cure such default. In the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced, within the time periods set forth herein, the Owner shall have such additional time

as reasonably necessary to remedy or cure such default provided that the Owner shall at all times act be acting with diligence, and in good faith, to remedy or cure such default as soon as practicable.

**SECTION 14.03**      Remedies Upon Occurrence of an Uncured Default

In the event of a default, beyond any applicable cure periods, of this Agreement by any of the Parties hereto or a dispute arising between the Parties in reference to the terms and provisions as set forth herein, other than those items specifically included as Material Conditions herein, either Party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the Tax Exemption Law. In the event the Superior Court shall not entertain jurisdiction or, in the event of a breach of Material Condition, then the Parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of said laws. Costs for said arbitration shall be paid by the non-prevailing Party. In the event of an uncured default on the part of the Owner to pay any installment of the Land Taxes or the Annual Service Charge required by Article IV hereof, the Township, in addition to its other remedies, specifically and without limitation, reserves the right to proceed against the Land and premises, in the manner provided by law, including without limitation, the Tax Sale Law, and any act supplementary or amendatory thereof. Whenever the word “Taxes” appears, or is applied, directly or implied, to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as it is pertinent to this Agreement, as if the Annual Service Charge were taxes or municipal liens on land. In either case, however, the Owner does not waive any defense it may have to contest the rights of the Township to proceed in the above-mentioned manner.

**SECTION 14.04**      Remedies Upon Default Cumulative; No Waiver

Subject to the provisions of Section 14.03 hereof and the other terms and conditions of this Agreement, all of the remedies provided in this Financial Agreement to the Parties, and all rights and remedies granted to the Parties by law and equity shall be cumulative and concurrent and no determination of the invalidity of any provision of this Financial Agreement shall deprive the either Party of any of their remedies or actions against the other, and including, in the case of the Township, against the Property and the Improvements, because of the Owner’s failure to pay Land Taxes, the Annual Service Charge or other applicable municipal service charges and interest payments. This right shall only apply to arrearages that are due and owing at the time, and the bringing of any action for Land Taxes, Annual Service Charge or other charges, or for breach of covenant or the resort of any other remedy herein provided for the recovery of Land Taxes, Annual Service Charges or other charges shall not be construed as a waiver of the right to proceed with an In Rem Foreclosure action consistent with the terms and provisions of the Tax Sale Law and this Agreement. In addition to all of its other rights and remedies, in the event of a default of this Financial Agreement which remains uncured beyond any applicable notice and cure periods provided for herein, the Township may terminate this Financial Agreement and the tax exemption granted herein shall immediately cease and shall have no further force and effect and the Property and the Improvements shall thereafter be assessed and taxed according to the general law applicable to all other non-exempt property located within the Township.



**ARTICLE XV**  
**MISCELLANEOUS**

**SECTION 15.01**     Conflict

(a)     The Parties agree that in the event of a conflict between the Exemption Application and this Financial Agreement, the language in this Financial Agreement shall govern and prevail.

(b)     The Parties agree that in the event of a conflict between the Project Agreements and this Financial Agreement, this Financial Agreement shall govern and prevail.

**SECTION 15.02**     Oral Representations

There have been no oral representations made by any of the Parties hereto which are not contained in this Financial Agreement. This Financial Agreement, the Ordinance, the Exemption Application, and the Project Agreements constitute the entire agreement between the Parties and there shall be no modifications thereto other than by a written instrument executed by the parties hereto and delivered to each of them. Notwithstanding anything contained herein to the contrary, no waiver of any rights granted hereunder and no modification or amendment to this Financial Agreement shall be effective, or otherwise have any force and effect without the express written consent of the Parties hereto.

**SECTION 15.03**     Owner's Consent

The Owner hereby acknowledges, consents and agrees (a) to the amount of the Annual Service Charge and to the liens established in this Financial Agreement, (b) that it shall not contest the validity or amount of any such lien, and (c) that its remedies shall be limited to those specifically set forth herein and otherwise provided by law or in equity.

**SECTION 15.04**     Force Majeure

Neither Party shall be liable to the other for failure to perform its obligations under this Agreement due to any event or occurrence constituting Excusable Delay provided such event or occurrence constituting Excusable Delay was not caused by the Party failing to perform as a result thereof. Notwithstanding the foregoing, the payment of Land Taxes (during any period in which Land Taxes are not exempt hereunder), the Annual Service Charge (or, as applicable, the Minimum Annual Service Charge) are Materials Conditions of this Agreement which shall not be excused by any event or occurrence constituting Excusable Delay.

**SECTION 15.05**     Financing Matters

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

**SECTION 15.06**     Filing of the Financial Agreement



(a) In accordance with N.J.S.A. 40A:20-12, within ten (10) days of the Effective Date hereof, the Clerk of Township shall transmit a certified copy of the Ordinance and this Financial Agreement to the chief financial officer and the corporation counsel of the County of Morris.

(b) The Clerk of the Township shall deliver to the Tax Assessor a certified copy of the Ordinance along with an executed copy of this Financial Agreement. Such delivery by the Township Clerk to the Tax Assessor shall constitute the certification as required in accordance with the Tax Exemption Law, N.J.S.A. 40A:20-12. Upon such delivery, the Tax Assessor shall implement the tax exemption granted and provided herein and shall continue to enforce the tax exemption, without further certification by the Township Clerk, until the expiration of the tax exemption in accordance with the terms hereof.

**SECTION 15.07**      Recording

Either a memorandum of this Agreement or the entire Agreement may be filed and recorded with the Morris County Clerk at the election of the Owner. Promptly after the termination of this Agreement, the parties shall execute and record an instrument discharging this Agreement of record in a form reasonably satisfactory to the parties.

**SECTION 15.08**      Amendments

This Agreement may not be amended, changed, modified, altered or terminated without the written consent of the parties hereto. In the event that the Local Finance Board, in accordance with the Tax Exemption Law, specifically N.J.S.A. 40A:20-18, shall implement a financial plan that shall require modification of this Financial Agreement, the Township hereby expressly covenants, warrants and represents that it shall not approve any modification if such modification would alter, adjust, amend, revise or otherwise change (a) any Annual Service Charge due hereunder, or the calculation thereof or (b) the date on which any Annual Service Charge shall be due hereunder.

**SECTION 15.09**      Good Faith

In their dealings with each other, the parties agree that they shall act in good faith.

**SECTION 15.10**      Entire Document

All conditions in the Ordinance and the Exemption Application are incorporated in this Agreement and made a part hereof.

**SECTION 15.11**      Counterparts

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

[The remainder of this page is intentionally left blank – signature page to follow]

**INTENDING TO BE LEGALLY BOUND**, the Parties have caused this Agreement to be properly executed as of the date written on this first page of this Agreement.

**ATTEST:**

**TOWNSHIP OF LONG HILL**

\_\_\_\_\_  
Megan Phillips, Clerk

By: \_\_\_\_\_  
Name: Guy Piserchia  
Title: Deputy Mayor

**WITNESS:**

**STIRLING SL URBAN RENEWAL LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title: Authorized Representative

**SCHEDULE 1**  
**METES AND BOUNDS DESCRIPTION**  
**OF THE PROPERTY**

**SCHEDULE 4.03**

**MARKET RENT & ANNUAL SERVICE CHARGE COMPUTATION**

| <b>YEAR</b>    | <b>MARKET RENT</b>   | <b>ANNUAL SERVICE CHARGE</b> |
|----------------|----------------------|------------------------------|
| <b>Year 1</b>  | \$1,928,131          | \$231,376                    |
| <b>Year 2</b>  | \$3,971,949          | \$476,634                    |
| <b>Year 3</b>  | \$4,091,107          | \$490,933                    |
| <b>Year 4</b>  | \$4,213,841          | \$505,661                    |
| <b>Year 5</b>  | \$4,340,256          | \$520,831                    |
| <b>Year 6</b>  | \$4,470,464          | \$536,456                    |
| <b>Year 7</b>  | \$4,604,577          | \$552,549                    |
| <b>Year 8</b>  | \$4,742,715          | \$569,126                    |
| <b>Year 9</b>  | \$4,884,996          | \$586,200                    |
| <b>Year 10</b> | \$5,031,546          | \$603,786                    |
| <b>Year 11</b> | \$5,182,492          | \$621,899                    |
| <b>Year 12</b> | \$5,337,967          | \$640,556                    |
| <b>Year 13</b> | \$5,498,106          | \$659,773                    |
| <b>Year 14</b> | \$5,663,049          | \$679,566                    |
| <b>Year 15</b> | \$5,832,941          | \$699,953                    |
| <b>Year 16</b> | \$6,007,929          | \$720,951                    |
| <b>Year 17</b> | \$6,188,167          | \$742,580                    |
| <b>Year 18</b> | \$6,373,812          | \$764,857                    |
| <b>Year 19</b> | \$6,565,026          | \$787,803                    |
| <b>Year 20</b> | \$6,761,977          | \$811,437                    |
| <b>Year 21</b> | \$6,964,836          | \$835,780                    |
| <b>Year 22</b> | \$7,173,782          | \$860,854                    |
| <b>Year 23</b> | \$7,388,995          | \$886,679                    |
| <b>Year 24</b> | \$7,610,665          | \$913,280                    |
| <b>Year 25</b> | \$7,838,985          | \$940,678                    |
| <b>Year 26</b> | \$8,074,154          | \$968,899                    |
| <b>Year 27</b> | \$8,316,379          | \$997,965                    |
| <b>Year 28</b> | \$8,565,870          | \$1,027,904                  |
| <b>Year 29</b> | \$8,822,846          | \$1,058,742                  |
| <b>Year 30</b> | \$9,087,532          | \$1,242,400                  |
| <b>Totals:</b> | <i>\$181,535,094</i> | <i>\$21,936,108</i>          |

\* Commencing in Year 16, the Annual Service Charge may be subject to staged adjustments as provided for in Section 4.03.

**EXHIBIT A**  
**Exemption Application**

**EXHIBIT B**  
**Ordinance**

**EXHIBIT C**  
**Total Project Costs**



**EXHIBIT D**  
**Certificate of Formation**