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# The City of Orange Township, New Jersey

DATE			
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NUMBER 64-2023

TITLE:

ORDINANCE OF THE MUNICIPAL COUNCIL OF THE CITY OF ORANGE TOWNSHIP TO APPROVE A TAX EXEMPTION FOR A TWENTY-THREE (23) YEAR PERIOD AND TO AUTHORIZE THE TWENTY-THREE (23) YEAR EXEMPTION AND AUTHORIZING THE EXECUTION OF A FINANCIAL AGREEMENT FOR PAYMENTS IN LIEU OF TAXES BETWEEN THE CITY AND PEEK HIGHLAND II OWNER URBAN RENEWAL, LLC

WHEREAS, the properties commonly known as 407-415 Highland Avenue, which are identified as Block 4902, Lots 16 and 17 on the Tax Map of the City of Orange Township (collectively, the "Property"), are located within the Lincoln-Highland Avenue Redevelopment Area (the "Redevelopment Area") and are governed by the Lincoln-Highland Avenue Redevelopment and Rehabilitation Plan (the "Redevelopment Plan"); and

WHEREAS, the City of Orange Township, in the County of Essex, New Jersey (the "City") has heretofore designated the Redevelopment Area and adopted the Redevelopment Plan in accordance with the provisions of the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "Redevelopment Law"); and

WHEREAS, Peek Highland II Owner Urban Renewal, LLC, having its principal place of business at 300 Executive Drive, Suite 360, West Orange, NJ 07052 (the "Entity"), has proposed a redevelopment project consisting of the construction of a 5-story 102-unit multifamily residential building with 97 on-site parking spaces provided on the ground floor and other related improvements on the Property (the "Project"); and

WHEREAS, the City expects to authorize, by resolution, the execution and delivery of a Redevelopment Agreement with the Entity (the "Redevelopment Agreement"), in order to fully set forth the understanding of the City and the Entity with respect to the construction and development of the Project; and

WHEREAS, the Project includes the construction of such reasonably necessary infrastructure improvements along the frontage of and near to the Project that are caused and necessitated as a result of the construction of the Project, including but not limited to curb replacements, street resurfacing, sidewalks, street lighting, landscaping, crosswalks, sewer improvements, and/or similar improvements consistent with the Entity's approved site plan, as well as offsite improvements that will enhance the area including land acquisition for a public park, to be determined in consultation with the City Planner (collectively, the "Infrastructure and Offsite Improvements"); and

WHEREAS, the City expects to issue its general obligation bonds and/or notes in an aggregate principal amount not to exceed \$250,000.00 (collectively, the "Bonds") pursuant to the Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12A-64 et seq. (the "RAB Law"), and/or the Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), as applicable, in order to defray certain eligible costs of the Infrastructure and Offsite Improvements; and

A MIRMAN

- WHEREAS, the Entity has obtained preliminary and final site plan approval for the Project from the City Planning Board, as memorialized in a resolution of the City Planning Board adopted on September 28, 2022, Case No. 22-03 (amendment to #20-07); and
- WHEREAS, the Project will conform to the Redevelopment Plan and all applicable municipal zoning ordinances, to the extent it contains provisions that are relevant to the Project, and will be in conformation with the master plan of the City; and
- WHEREAS, the City is authorized under the provisions of the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. (the "LTTE Law") and the RAB Law to grant tax exemptions to qualifying entities constructing redevelopment projects within redevelopment areas and to enter into financial agreements with such entities governing payments made to the City in lieu of real estate taxes on the Project; and
- WHEREAS, pursuant to N.J.S.A. 40A:20-8, the Entity filed an application (the "Application") with the City for approval of a long-term tax exemption for the Project and has agreed to enter into a financial agreement with the City for payments in lieu of taxes (the "Financial Agreement"); and
- WHEREAS, the Financial Agreement sets forth the terms and conditions under which the Entity and the City shall carry out their respective obligations with respect to the long-term tax exemption for the Project; and
- WHEREAS, the Mayor, together with counsel for the City, has reviewed the Application and found that it complies with the provisions of the LTTE Law and the RAB Law; and
- WHEREAS, the Entity has demonstrated to the satisfaction of the Mayor and Municipal Council that the granting of a long-term tax exemption and payments in lieu of taxes will improve the quality of life for the occupants of the Project and the quality of life for the City of Orange: and
- WHEREAS, the Mayor and Municipal Council find that the relative benefits of the Project to the City outweigh the costs to the City associated with granting the long-term tax exemption in that it will provide needed housing and parking, as well as create both temporary and permanent jobs within the City, enhance the quality of life for residents in and around the neighborhood, and influence locational decisions of probable new residents; and
- WHEREAS, the Municipal Council has determined that the assistance provided to the Project pursuant to the Financial Agreement is necessary for the creation of the Project and will be a significant inducement for the Entity to proceed with the Project; and
- WHEREAS, the Financial Agreement represents an arm's length transaction between the parties and all promises and agreements, express or implied, payment of fees or other benefits, terms or conditions related thereto are incorporated therein as it concerns the Project and the parties hereto as well as their agents and servants; and

WHEREAS, the Entity hereby certifies its compliance with the applicable municipal ordinances as well as the strictures of the LTTE Law and the RAB Law.

# NOW, THEREFORE, BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF ORANGE TOWNSHIP as follows:

#### **SECTION 1: PROVISIONS**

- 1. The Entity's Application is hereby approved.
- 2. The Financial Agreement providing for a long-term tax exemption and payments in lieu of taxes on the Project is hereby approved with the intent that upon execution of the Financial Agreement and upon the terms set forth therein, the Project will exempt from taxation for a period of twenty-three (23) years.
- 3. The Mayor of the City is hereby authorized to execute the Financial Agreement substantially in the form as it has been presented to the City Council subject to modification or revision deemed necessary and appropriate in consultation with counsel.
- 4. The City Clerk is hereby authorized and directed, upon the execution of the Financial Agreement in accordance with the terms set forth herein, to attest to the signature of the Mayor upon such document, and is hereby further authorized and directed thereupon affix the corporate seal of the City upon such document.
- 5. The City Clerk shall file certified copies of this ordinance and the Financial Agreement with the Tax Assessor of the City and the Director of the Division of Local Government Services within the Department of Community Affairs in accordance with Section 12 of the LTTE Law.

#### **SECTION 2: INCONSISTENCIES**

All other ordinances and parts of ordinances in conflict or inconsistent with this ordinance are hereby repealed but only to the extent of such conflict or inconsistency.

#### **SECTION 3: HEADINGS**

All headings within this ordinance are for convenience only and are not deemed to be part of this ordinance.

### **SECTION 4: EFFECTIVE DATE**

This ordinance shall take effect as required b	y law.
ADOPTED:	
Joyce L. Lanier, Municipal Clerk APPROVED:	Tency A. Eason, Council President
Dwayne D. Warren, Esq., Mayor	

#### NOTICE OF PENDING ORDINANCE

PUBLIC NOTICE IS HEREBY GIVEN that the foregoing ordinance was duly introduced and passed upon first reading at a regular meeting of the City Council of the City of Orange Township, in the County of Essex, New Jersey, held on July 5, 2023. The ordinance authorizes the execution and delivery of a Financial Agreement with PEEK Cleveland I Owner Urban Renewal, LLC in connection with a redevelopment project to be located at 66 Cleveland Street (Block 2102, Lot 11), 76 Cleveland Street (Block 2102, Lot 12), 82 Cleveland Street (Block 2102, Lot 13), and 69 North Essex Street (Block 2102, Lot 24) (all of which are expected to be consolidated into a new tax lot, to be designated Block 2101, Lot 11.1) and consisting of the demolition of the existing two boarding houses and the two vacant single family homes located on the property and the construction of a five-story 72 unit multi-family market-rate residential property which shall include twelve (12) studio units, thirty-three (33) one bedroom units, and twenty-seven (27) two bedroom units along with 82 garage parking spots, and other related improvements, and also including the construction of such reasonably necessary infrastructure improvements along the frontage of the project and the property that are caused and necessitated as a result of the construction of the project, as well as offsite improvements that will enhance the area. Under the Financial Agreement, the project will receive a 23-year tax exemption and the redeveloper will be obligated to pay certain annual service charges to the City in lieu of taxes on the improvements. Further notice is hereby given that said ordinance will be considered for final passage and adoption, after public hearing thereon, at a regular meeting of said City Council to be held at City Hall, 29 North Day Street, Orange, New Jersey 07050 on , 2023 at p.m., and during the week prior to and up to and including the date of such meeting, copies of said ordinance will be made available without cost at the City Clerk's Office to the members of the general public who shall request the same.

Joyce L.	Lanier, City Clerk	

# **NOTICE OF ADOPTION OF ORDINANCE**

PUBLIC NOTICE IS HEREBY GIVEN that the ordinance published herewith
has been finally adopted by the City Council of the City of Orange Township, in the County
of Essex, New Jersey on, 2023. The ordinance authorizes the execution and
delivery of a Financial Agreement with PEEK Cleveland I Owner Urban Renewal, LLC in
connection with a redevelopment project to be located at 66 Cleveland Street (Block 2102,
Lot 11), 76 Cleveland Street (Block 2102, Lot 12), 82 Cleveland Street (Block 2102, Lot
13), and 69 North Essex Street (Block 2102, Lot 24) (all of which are expected to be
consolidated into a new tax lot, to be designated Block 2101, Lot 11.1) and consisting of
the demolition of the existing two boarding houses and the two vacant single family homes
located on the property and the construction of a five-story 72 unit multi-family market-
rate residential property which shall include twelve (12) studio units, thirty-three (33) one
bedroom units, and twenty-seven (27) two bedroom units along with 82 garage parking
spots, and other related improvements, and also including the construction of such
reasonably necessary infrastructure improvements along the frontage of the project and the
property that are caused and necessitated as a result of the construction of the project, as
well as offsite improvements that will enhance the area. Under the Financial Agreement,
the project will receive a 23-year tax exemption and the redeveloper will be obligated to
pay certain annual service charges to the City in lieu of taxes on the improvements. A copy
of the ordinance has been filed for public inspection in the City Clerk's Office, located at
City Hall, 29 North Day Street, Orange, New Jersey 07050. Further notice is hereby given
that any action or proceeding of any kind or nature in any court questioning the validity or
proper authorization of ordinance or the actions authorized to be taken as set forth in the
ordinance shall be commenced within 20 days after the publication of this notice, as stated
below.
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Date of publication:, 2023.
Joyce I. Lanier City Clerk

#### **NOTICE OF PENDING ORDINANCE**

PUBLIC NOTICE IS HEREBY GIVEN that the foregoing ordinance was duly introduced and passed upon first reading at a regular meeting of the City Council of the City of Orange Township, in the County of Essex, New Jersey, held on September 19, 2023. The ordinance authorizes the execution and delivery of a Financial Agreement with PEEK Highland II Owner Urban Renewal, LLC in connection with a redevelopment project to be located at of 407-415 Highland Avenue (Block 4902, Lots 16 and 17) and consisting of the construction of a 5-story 102-unit multi-family residential building with 97 on-site parking spaces provided on the ground floor upon the properties. Under the Financial Agreement, the project will receive a 23-year tax exemption and the redeveloper will be obligated to pay certain annual service charges to the City in lieu of taxes on the improvements. Further notice is hereby given that said ordinance will be considered for final passage and adoption, after public hearing thereon, at a regular meeting of said City Council to be held at City Hall, 29 North Day Street, Orange, New Jersey 07050 on October 3, 2023 at 7:00 p.m. ET, and during the week prior to and up to and including the date of such meeting, copies of said ordinance will be made available without cost at the City Clerk's Office to the members of the general public who shall request the same.

Joyce L. Lanier, City Clerk

#### **NOTICE OF ADOPTION OF ORDINANCE**

PUBLIC NOTICE IS HEREBY GIVEN that the ordinance published herewith has been finally adopted by the City Council of the City of Orange Township, in the County of Essex, New Jersey on October 3, 2023. The ordinance authorizes the execution and delivery of a Financial Agreement with PEEK Highland II Owner Urban Renewal, LLC in connection with a redevelopment project to be located at of 407-415 Highland Avenue (Block 4902, Lots 16 and 17) and consisting of the construction of a 5-story 102-unit multi-family residential building with 97 on-site parking spaces provided on the ground floor. Under the Financial Agreement, the project will receive a 23-year tax exemption and the redeveloper will be obligated to pay certain annual service charges to the City in lieu of taxes on the improvements. A copy of the ordinance has been filed for public inspection in the City Clerk's Office, located at City Hall, 29 North Day Street, Orange, New Jersey 07050. Further notice is hereby given that any action or proceeding of any kind or nature in any court questioning the validity or proper authorization of ordinance or the actions authorized to be taken as set forth in the ordinance shall be commenced within 20 days after the publication of this notice, as stated below.

Date of publication:	, 2023.		
		Joyce L. Lanier, City Clerk	

#### FINANCIAL AGREEMENT

(N.J.S.A. 40A:20-1 et seq. and N.J.S.A. 40A:12A-64 et seq.)

This FINANCIAL AGREEMENT (hereinafter, this "Financial Agreement") made this \_\_\_\_ day of \_\_\_\_\_\_\_, 2023 by and between PEEK Highland II Owner Urban Renewal, LLC, a New Jersey limited liability company qualified to do business under the provisions of the Long Term Tax Exemption Law, N.J.S.A. 40A: 20-1 et seq. (the "LTTE Law"), having its principal office at 300 Executive Drive, Suite 360 West Orange, NJ 07052 (hereinafter referred to as the "Entity"), and the City of Orange Township, a Municipal Corporation in the County of Essex and the State of New Jersey, having offices at City Hall, 29 North Day Street, Orange, New Jersey 07050 (hereinafter referred to as the "City").

#### **WITNESSETH:**

WHEREAS, the properties commonly known as 407-415 Highland Avenue, which are identified as Block 4902, Lots 16 and 17 on the Tax Map of the City of Orange Township (collectively, the "Property"), are located within the Lincoln-Highland Avenue Redevelopment Area (the "Redevelopment Area") and are governed by the Lincoln-Highland Avenue Redevelopment and Rehabilitation Plan (the "Redevelopment Plan"); and

WHEREAS, the governing body of the City (the "City Council") designated the Redevelopment Area and adopted the Redevelopment Plan in accordance with the requirements of the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "Redevelopment Law"); and

WHEREAS, as described more fully within the application for long term tax exemption submitted by the Entity (a copy of which is attached hereto as **Exhibit A**) (the "Application"), the Entity has applied for a long-term tax exemption for a redevelopment project consisting of the construction of a 5-story 102-unit multi-family residential building with 97 on-site parking spaces provided on the ground floor and other related improvements on the Property (the "Project"); and

WHEREAS, the City expects to authorize, by resolution, the execution and delivery of a Redevelopment Agreement with the Entity (the "Redevelopment Agreement"), in order to fully set forth the understanding of the City and the Entity with respect to the construction and development of the Project; and

WHEREAS, the Project includes the construction of such reasonably necessary infrastructure improvements along the frontage of and near to the Project that are caused and necessitated as a result of the construction of the Project, including but not limited to curb replacements, street resurfacing, sidewalks, street lighting, landscaping, crosswalks, sewer improvements, and similar improvements consistent with the Entity's approved site plan, as well as offsite improvements that will enhance the area including land acquisition for a public park, all to be determined in consultation with the City Planner and/or City Engineer (collectively, the "Infrastructure and Offsite Improvements"); and

WHEREAS, in order to defray certain eligible costs of the portion of the Project comprising the Infrastructure and Offsite Improvements, the City expects to issue its general obligation bonds and/or notes in one or more series in an aggregate principal amount not to exceed \$250,000.00 (collectively, the "Bonds") pursuant to the

Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12A-64 et seq. (the "RAB Law"), and/or the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as applicable; and

WHEREAS, the Entity has obtained preliminary and final site plan approval for the Project from the City Planning Board, as memorialized in a resolution of the City Planning Board adopted on September 28, 2022, Case No. 22-03 (amendment to #20-07); and

WHEREAS, the Project will conform to the Redevelopment Plan and all applicable municipal zoning ordinances, to the extent it contains provisions that are relevant to the Project, and will be in conformation with the master plan of the City; and

WHEREAS, the City Council has reviewed the Application and has made the following findings:

- A. Relative Benefits of the Project when Compared to Costs:
- (i) The granting of the long-term tax exemption provided herein will permit the development of market rate residential units and on-site parking on the Property which would not be developed but for the granting of the exemption provided herein and will also create both temporary construction and permanent jobs which will benefit the community. Thus, the City Council finds that this substantial public benefit outweighs the difference between the unabated tax amount and the amount that the Entity will be required to pay hereunder.
- B. Assessment of the Importance of the Tax Exemption in Developing the

  Project and Influencing the Locational Decisions of Potential Occupants:
- (i) This long-term tax exemption represents a logical and economical method of attracting residents who will utilize retail/commercial operations which are vital to the

City and the community because but for the provision of this financial incentive and the subsidy provided thereby, the development of residential rental housing units would not be possible and thus would not occur; and

- (ii) The relative stability and predictability of the Annual Service Charges will enhance the Entity's ability and opportunity to successfully construct, operate and maintain this Project, which in turn will ensure the likelihood of success over the life of the Project; and
- (iii) The long-term tax exemption granted under this Financial Agreement is important to the City because without the incentive of the tax exemption granted under this Financial Agreement, it is unlikely that the Project would be undertaken and as such the goals and objectives of the Redevelopment Plan would go unfulfilled. The tax exemption is also expected to influence the locational decisions of potential occupants of the Project, and will be of benefit to the local businesses in the community and will foster the growth of additional off-site local business opportunities; and

WHEREAS, the parties hereto wish to set forth in detail their mutual rights and obligations with respect to the tax exemption applicable to this Project by entering into this Financial Agreement; and

WHEREAS, the RAB Law (specifically N.J.S.A. 40A:12A-66(a)) authorizes a municipality to dispense with the provisions requiring a minimum or maximum amount of service charge and requiring staged increase in the annual service charges where a redevelopment project (such as the Project) is being financed with bonds under the RAB Law (such as the Bonds); and

WHEREAS, the City does hereby grant its approval for the Project as a redevelopment project to be developed and to be maintained upon the terms and conditions hereinafter set forth herein.

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

## **Article I - General Provisions**

#### Section 1.1 Governing Law

This Financial Agreement shall be governed by the provisions of the LTTE Law and the RAB Law. It is expressly understood and agreed that the City expressly relies upon the facts, data, and presentations contained in the Application attached hereto in granting this tax exemption.

#### Section 1.2 General Definitions

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

- i. <u>Allowable Net Profit</u> The amount arrived at by applying the allowable profit rate to the total project cost pursuant to the provisions of <u>N.J.S.A.</u> 40A: 20-3(c).
- ii. Allowable Profit Rate The Allowable Profit Rate means the greater of 12% or the percentage per annum arrived at by adding 1 1/4% per annum to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.
- iii. Annual Service Charge The amount that the Entity has agreed to pay the City in lieu of full taxation on the Improvements (but not the Land, which will remain

subject to taxation) as set forth more fully within Section 4.1 of this Financial Agreement, and which shall be prorated in the year in which the Substantial Completion of the Project occurs and the year in which this Financial Agreement terminates.

- iv. <u>Application</u> The application filed by the Entity pursuant to <u>N.J.S.A.</u>

  40A:20-8 for a long-term tax exemption for the Project which is attached hereto as **Exhibit A**.
- v. Auditor's Report A complete financial statement outlining the financial status of the Project (for a period of time as indicated by context) the contents of which shall include a certification of Total Project Cost (in the first Auditor's Report following Substantial Completion only, with any changes to be contained in a subsequent Annual Report) and proper and accurate computations of annual Gross Revenue and Net Profit. The contents of the Auditor's Report shall be prepared in conformity with generally accepted accounting principles and shall contain such information as necessary to compute the foregoing items, and any other items required by Law, Statutes or Ordinance. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.
- vi. <u>Certificate of Occupancy</u> Permanent or temporary certificate of occupancy as such terms are defined in the New Jersey Administrative Code, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to <u>N.J.S.A.</u> 52:27D-133.
  - vii. City The City of Orange Township, New Jersey.

- viii. <u>Default</u> Shall be the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Financial Agreement, beyond the expiration of any notice, grace and cure periods as provided hereunder.
- ix. <u>Director</u> The City's Director of Development, or such other officer of the City as may be appointed by the City's Business Administrator to undertake all or part of the functions of the Director as provided in this Financial Agreement.
- x. Entity Shall mean PEEK Highland II Owner Urban Renewal, LLC, a
  New Jersey limited liability corporation qualified to do business under the provisions of
  the Law, and any lawful assignees as authorized under this Financial Agreement.

#### xi. [RESERVED]

the Project calculated as set forth in N.J.S.A. 40A:20-3(a). The parties acknowledge that Gross Revenue (A) shall include income or fees paid or received from parking (whether paid by tenants or by third parties), without reduction for expenses, (B) shall include insurance, operating and maintenance expenses paid by a tenant which are ordinarily paid by a landlord, as represented by the Entity in its calculation of Gross Revenue, (C) shall include all other revenue from the Project, including but not limited to revenue from the laundry room, vending machines, and the like, without reduction for expenses, (D) shall exclude extraordinary items, condemnation awards, insurance proceeds (other than business interruption insurance), gains from sales, transfers or assumption of the Project or any part thereof, proceeds of any financing or refinancing, and proceeds from any disposition of a partner or a partner's interest in the Entity or any successor entity, and (E) shall be computed without deduction for operating or maintenance costs, including,

but not limited to, gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the Entity, tenant or third party.

- xiii. [RESERVED]
- xiv. [RESERVED]
- xv. <u>Improvements</u> Any building, structure or fixture permanently affixed to the Land as part of the Project and incorporated therein, which improvements are recognized as exempted from taxation under this Financial Agreement.
- xvi. <u>Infrastructure and Offsite Improvements</u> Shall have the meaning ascribed thereto in the Recitals hereto and in any Redevelopment Area Bond ordinance pertaining to the Project. The Infrastructure and Offsite Improvements are part of the Project.
- xvii. <u>In Rem Tax Foreclosure</u> A summary proceeding by which the City may enforce the lien for taxes due and owing by a tax sale. Said foreclosure is governed by <u>N.J.S.A.</u> 54: 5-1 et seq.
- xviii. <u>Land</u> The land, but not the Improvements, located at 407-415 Highland Avenue, which are identified as Block 4902, Lots 16 and 17 on the Tax Map of the City of Orange Township, as described more particularly by the metes and bounds description set forth within the Application, which lots are contemplated to be consolidated into one lot.
- xix. <u>Land Taxes</u> The amount of taxes assessed on the value of the Land upon which the Project is located. Land assessments are not abated and shall remain a lien on the Land.

- xx. <u>Land Tax Payments</u> Payments made on the quarterly due dates for Land

  Taxes on the Land as determined by the Tax Assessor and the Tax Collector.
- xxi. <u>Law</u> The term the Law shall refer, collectively, to the LTTE Law and the RAB Law.
- xxii. 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 Property was subject to taxation. The Minimum Annual Service Charge shall be paid in each year in which the Annual Service Charge, as calculated pursuant to this Financial Agreement, would be less than the Minimum Annual Service Charge.
- xxiii. Net Profit The Gross Revenue of the Entity less all operating and non-operating expenses of the Entity, as determined in accordance with generally accepted accounting principles and the provisions of N.J.S.A. 40A:20-3(c).
- xxiv. <u>Project</u> As defined and described more fully within the Application and in the Recitals hereto.
- xxv. <u>Pronouns</u> He or it shall mean the masculine, feminine or neuter gender, the singular, as well as, the plural, as proper meaning requires.
- xxvi. <u>Property</u> The Land and the Improvements thereon as defined and described more fully within the Application and in the Recitals hereto.
- xxvii. <u>Statutes</u> The term Statutes when used in this Financial Agreement shall refer to all relevant statutes of the State of New Jersey.
- xxviii. <u>Substantial Completion</u> The determination by the City that the Project is ready for the use intended and issuance of Certificates of Occupancy for the Project, as further defined in Section 6.2 of this Financial Agreement.

#### xxix. [RESERVED]

xxx. <u>Termination</u> – The expiration of the term of this Financial Agreement in accordance with Section 3.1 hereof or the termination of this Financial Agreement in accordance with Section 14.1 hereof, in either case resulting, by operation of the terms of this Financial Agreement, in the termination of the tax abatement provided hereunder in respect of the Improvements.

#### Section 1.3 Exhibits Incorporated

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

#### **Article II - Approval**

#### Section 2.1 Approval of Tax Abatement

The City has granted and does hereby grant its approval for a tax abatement for the Improvements (but not the Land) to be constructed in accordance with this Financial Agreement and the Application, such tax abatement to be effective on the date provided in Section 6.2 hereof and extending throughout the Term described in Section 3.1 hereof, unless this Financial Agreement is sooner terminated pursuant to Section 14.1 hereof.

The City agrees that it shall not impose any added assessment, omitted added assessment or similar assessment on the value of the Improvements prior to the Annual Service Charge Start Date (as defined in Section 6.2 hereof).

The Entity represents and covenants that, effective as of the completion of the Project, it shall use the Project for the purposes set forth in the Application, and the land use applications filed with, and as approved by, the City in connection with this Project.

#### Section 2.2 Approval of Entity

Approval hereunder is granted to the Entity for the contemplated Project on the Property, which shall in all respects comply and conform to all applicable statutes of the State of New Jersey, and the lawful regulations made pursuant thereto, governing land, building(s) and the use thereof, and which Project is more particularly described in the Application.

# Section 2.3 First Source Employment During and After Construction; First Source Pass Through

If the Entity, its successors and/or assigns and/or any subsequent purchasers (a) and/or any third party management companies retained to manage the Property, intend to hire new or replacement employees, for either part time or full time employment, for the construction of the Project or for the operation of the Project once it is constructed, the Entity, its successors and/or assigns and/or subsequent purchasers and/or any third party management companies retained to manage the Property, shall make good faith efforts to hire City residents to fill these jobs as specified below. The City, through the City's Office of Human Resources and/or a non-profit entity to be named by the City as the job referral center (hereinafter, the "Job Referral Center"), shall be available to assist in providing qualified candidates for the above 'first source' interviewing and hiring. The good faith efforts by the Entity, its successors and/or assigns and/or subsequent purchasers and/or any third-party management companies retained to manage the Property, shall include, but not be limited to, the following: (1) written notification to the Job Referral Center of any new full or part-time job opportunities at least five (5) business Days prior to the commencement of the interviewing process. Such notification shall include, but not be limited to, the number of positions available, projected start date, estimated level of compensation, the skills and experience required for successful applicants, and the anticipated term of employment; (2) hold a first source interview window of at least five (5) business Days during which only candidates referred by the Job Referral Center shall be interviewed. These first source interviews shall take place prior to interviewing candidates from the general public; (3) cooperate with efforts to recruit City residents for employment opportunities, including participation in job fairs or similar events held by the City; and (4) meet with appropriate City officials to determine the status of recruitment efforts and to plan future employment recruitment activities. The Entity, its successors and/or assigns and/or subsequent purchasers and/or any third-party management companies retained to manage the Property, shall maintain records of this first source notification, interviewing and hiring activity for review by the City upon the City's written request.

(b) Upon completion of the Project, as evidenced by the receipt of a Certificate of Occupancy, the Entity and its successors and/or assigns and/or any subsequent purchasers, shall include a provision in all of their non-residential leases for space in a structure constructed as part of the Project providing that:

"If the lessee (tenant) intends to hire a new or replacement employee for either part time or full-time employment, the lessee shall use good faith efforts to hire City residents to fill those jobs as specified below. The City, through the Job Referral Center, shall be available to assist in providing qualified candidates for the above 'first source' interviewing and hiring. The lessee's good faith effort shall include, but not be limited to: (1) written notification to the Job Referral Center of any new full or part-time job opportunities at least five (5) business Days prior to the commencement of the interviewing process. Such notification shall include, but not be limited to, the number of positions available, projected start date, estimated level of compensation, the skills and experience required for successful applicants, and the anticipated term of employment; (2) hold a first source interview window of at least five (5) business Days during which only candidates referred by the Job Referral Center shall be interviewed. These first source interviews shall take place prior to interviewing candidates from the general public; (3) cooperate with efforts to recruit City residents for employment opportunities, including participation in job fairs or similar events held by the City; and (4) meet with appropriate City officials to determine the status of recruitment efforts and to plan future employment recruitment activities. Lessee will maintain records of this 'first source' notification, interviewing and hiring activity (including but not limited to a written description of the reasons for the decision not to hire any candidate referred by the Job Referral Center for review by the City upon the City's written request. Failure of the lessee to comply with this 'first source' requirement shall be considered by the lessor to be a material breach of the lease and shall entitle the lessor to exercise any and all remedies provided for in the lease for a material breach including eviction."

- assigns and/or any subsequent purchasers that the tenant is not using good faith efforts to hire City residents and is not in compliance with the first source provisions of the lease, the Entity and its successors and/or assigns and/or any subsequent purchasers agree to enforce the lease provisions set forth within Section 2.3(b) above to ensure compliance by all lessees. The Entity and its successors and/or assigns and/or any subsequent purchasers also agree to include the terms of this Section in any contract for sale or transfer of the Property or any structure constructed as part of the Project to any other person or entity and to explicitly provide within such contract that these terms shall survive the closing and that the City shall be a third party beneficiary as to the enforcement of these terms.
- (d) In addition to any other remedy provided under this Financial Agreement and any other remedy provided by law, the parties hereby agree that the provisions of this Section 2.3 may be enforced by the City through specific performance.

#### Section 2.4 Affirmative Action

The Entity, for itself and its successors and assigns, agrees that during the construction of the Project:

- (1) It will comply with the provisions of the Affirmative Action Language contained herein.
- (2) When hiring workers in each construction trade, or when engaging contractors, the Entity agrees, pursuant to the City's request, to use its best efforts to employ:
  - a. Minority workers in each construction trade; or
- b. Minority contractors consistent with the following goals: (as to workers) a goal of employing twenty (20%) percent Minority workers out of the total number of workers employed as part of the work force in connection with the Project; or (as to contractors) a goal of contracting with Qualified Minority Business Enterprises for twenty percent (20%) of the dollar value of the hard costs of total procurements to be awarded in connection with the Project.
- c. For purposes of this Section, the term "Minority" shall mean persons who are either one or a combination of: (i) African American (a person having origins in any of the black racial groups of Africa), (ii) Alaskan Native and/or American Indian (a person having origins in any of the original peoples of North America), (iii) Asian American (a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, Hawaii or the Pacific Islands), (iv) Hispanic (a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race), or (v) Female (a person of the female gender). The term "Qualified Minority Business Enterprise" shall mean a business which has its

principal place of business in New Jersey, is independently owned and operated, is at least 51% owned and controlled by Minority group members and is qualified.

- (3) It will undertake a program of local preference to facilitate entering into contracts with and/or purchasing goods and services from local merchants and businesses located within the City.
- (4) It will endeavor to comply with the above stated goals by, among other things, considering employment of applicants, contractors and vendors who are from a pool registered by the City or its designee.
- (5) Where applicable, it will at all times conform to the laws, regulations, policies of the State, the federal government, and other governmental bodies with respect to affirmative action and equal employment opportunities requirements, and particularly those which are imposed as a condition to receipt of any government-sponsored funding for the Project, notwithstanding any other provision of this Financial Agreement to the contrary.

#### Section 2.5 Compliance and Reporting

The obligations contained in Sections 2.3 and 2.4 shall be binding on all contractors and subcontractors to the extent that any work is done by any contractor or subcontractor, and any contract entered into by the Entity (or any other person or entity) in respect of the construction of the Improvements shall so provide. The Entity covenants to enforce (and cause any other person or entity to enforce) its contracts with its contractors and subcontractors if such parties are not in compliance with Sections 2.3 and 2.4.

The Entity and its contractors and subcontractors shall submit monthly (or at less frequent intervals, not less than quarterly, if so directed by the Director) reports regarding their compliance with Sections 2.3 and 2.4 as the City may reasonably require. Upon completion of the Improvements, the Entity shall certify that it has complied with the requirements of Sections 2.3 and 2.4. No Certificate of Completion or Certificate of Occupancy shall be issued prior to the Entity filing a report satisfactory to the City evidencing compliance with the provisions of Sections 2.3 and 2.4.

Following completion of the Improvements, the Entity shall continue to comply with the provisions of Section 2.3 in connection with the ongoing operations of the Project, and shall submit quarterly reports regarding its compliance with Section 2.3 as the City may reasonably require.

Any contract of sale or transfer of the Project to any other person or entity shall include the terms of Sections 2.3, 2.4 and 2.5 and shall explicitly provide within such contract that these terms shall survive the closing of such sale or transfer.

Failure to comply with the requirements of Sections 2.3, 2.4 or 2.5 shall constitute a Default within the meaning of Section 13.1, as to which the provisions of Sections 13.2, 13.3 and 14.1 shall be applicable. In addition to any other remedy provided under this Financial Agreement and any other remedy provided by law, the parties agree that the provisions of Sections 2.3 and 2.4 may be enforced by the City through specific enforcement.

#### <u>Article III – Duration of Financial Agreement</u>

#### Section 3.1 Term

So long as there is compliance with the Law and this Financial Agreement, and except as provided in Section 14.1 hereof, it is understood and agreed by the parties hereto that this Financial Agreement shall remain in effect for a term of twenty-three (23) years from the date of Substantial Completion of the Project (which shall be the start date of the tax abatement and the Annual Service Charge payments under this Financial Agreement), and shall continue in force only while said Project is owned by an urban renewal entity formed pursuant to the Law; provided, however, that in no case shall this Financial Agreement remain in effect longer than twenty-eight (28) years from the date of execution of this Financial Agreement. Upon expiration of the term of this tax exemption, (i) the tax exemption for the Project shall no longer be in effect and the Land and the Improvements thereon shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the City and (ii) all restrictions and limitations upon the Entity outlined in this Financial Agreement shall terminate upon the Entity's rendering and the City's acceptance of the Entity's final accounting.

#### Section 3.2 Termination by Entity Not Permitted

Pursuant to N.J.S.A. 40A:12A-66, the provisions of N.J.S.A. 40A:20-13 permitting the relinquishment of tax-exemption status under the LTTE Law after the expiration of one (1) year from the project completion date, shall not apply to redevelopment projects (such as the Project) financed with bonds under the RAB Law (such as the Bonds). Accordingly, the Entity shall have no authority to voluntarily terminate this Financial Agreement.

#### Article IV - Annual Service Charge

#### Section 4.1 Annual Service Charge

- (a) The Annual Gross Revenue shall be calculated as set forth within N.J.S.A. 40A:20-3(a) and the definition thereof contained in Section 1.2 hereof.
- (b) All parking spaces on the Property will be exclusively for the use of the owners, tenants or occupants of the Property. If the Entity charges for the parking spaces on the Property, the Entity must report this as other revenue generated from the Project. All such parking revenues shall be included, without reduction for expenses, in Annual Gross Revenue for purposes of computing the Annual Service Charges under paragraph (c) below. In the event that the Entity seeks to lease the parking spaces on the Property to third parties other than the owners, tenants or occupants of the Property, the Entity must first notify the City in writing and must comply with all City ordinances and State laws regarding parking.
- establishing a minimum or annual service charge and requiring staged increases in the annual service charge over the term of the exemption period shall not apply to redevelopment projects financed with bonds under the RAB Law (such as the Bonds). The Infrastructure and Offsite Improvements (which constitute a portion of the Project) will be financed by the Bonds.
- (d) The Annual Service Charge payable by the Entity to the City for each year shall consist of the sum of the Base Annual Service Charge and the RAB Annual Service Charge.
- (e) The Base Annual Service Charge payable by the Entity to the City for each year shall be as follows:

- (i) During year one (1) through year ten (10) of the Financial Agreement, the Base Annual Service Charge shall be an amount equal to four percent (4%) of the Annual Gross Revenue generated from the Project;
- (ii) During year eleven (11) through year fifteen (15) of the Financial Agreement, if applicable, the Base Annual Service Charge shall be an amount equal to seven percent (7%) of the Annual Gross Revenue generated by the Project;
- (iii) During year sixteen (16) through year twenty (20) of the Financial Agreement, if applicable, the Base Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated by the Project; and
- (iv) During year twenty-one (21) through year twenty-three (23) of the Financial Agreement, the Base Annual Service Charge shall be an amount equal to twelve percent (12%) of the Annual Gross Revenue generated by the Project.
- (v) The Base Annual Service Charge shall be increased on each anniversary of the Annual Service Charge Start Date until this Agreement is terminated by an amount equal to: a dollar amount equal to the increase in the non-municipal/library portion of the Land Taxes provided that such increase shall not exceed 3% of the Base Annual Service Charge (the "Land Tax Adjustment Cap"),

and provided further that any unused portion of the Land Tax

Adjustment Cap shall be carried over to future years.

- (f) The RAB Annual Service Charge payable by the Entity to the City for each year shall be equal to the product of 1.05263 times the amount of debt service scheduled to be paid by the City during such year in respect of the Bonds. The City shall provide a debt service schedule to the Entity promptly following the issuance of the Bonds.
- (g) In no event shall the Annual Service Charge, excluding taxes on the Land, in any year after the Annual Service Charge Start Date be less than the Minimum Annual Service Charge. The Minimum Annual Service Charge shall not be reduced through any tax appeal on Land and/or Improvements during the period the Agreement is in force and effect; provided, however, that the foregoing shall not prohibit the Entity from appealing land taxes applicable to the Land as may be then assessed at any time during the term of this Financial Agreement.

#### Section 4.2 Quarterly Installments

The Entity expressly agrees that the aforesaid Annual Service Charge(s) shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each City fiscal year. In the event that the Entity fails to so pay, the amount unpaid shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid.

In the Application, the Entity has projected the following estimated amounts of Annual Gross Revenues for each year of operation (the "Projected AGR"):

YEAR	AMOUNT	YEAR	AMOUNT	YEAR	AMOUNT
1	\$ 2,359,582	11	\$2,738,391	21	\$3,178,014
2	\$2,394,975	12	\$ 2,779,467	22	\$3,225,685
3	\$ 2,430,900	13	\$2,821,159	23	\$3,274,070
4	\$2,467,363	14	\$2,863,476		
5	\$ 2,504,374	15	\$2,906,428		
6	\$2,541,940	16	\$2,950,025		
7	\$2,580069	17	\$2,994,275		
8	\$2,618,770	18	\$3,039,189		
9	\$2,658,051	19	\$3,084,777		
10	\$2697922	20	\$3,131,049		

For each year, the quarterly installments of the Base Annual Service Charge shall be based on the Projected AGR, which amount shall be adjusted when the Auditor's Report is completed for such year. In the event of any such adjustment, (i) any surplus owing to the Entity as a result of an overpayment revealed by such calculation shall be credited against the next quarterly installment of Base Annual Service Charges payable by the Entity after the date such Auditor's Report is filed (provided, that if there are no future quarterly installments then the City shall retain such surplus amount), and (ii) any deficiency owing to the City as a result of an underpayment revealed by such calculation shall be paid by the Entity to the City within thirty (30) days of the date such Auditor's Report is filed.

In the event the Auditor's Report for any such year is not timely filed by the Entity, the City may make the above-referenced calculations, which calculations shall be binding upon the Entity absent manifest error.

#### Section 4.3 Land Tax Credit

The Entity is obligated to make Land Tax Payments, notwithstanding any entitlement to a Land Tax Credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to a credit for the amount, without interest, of the Land Tax Payments paid by it in the last four preceding quarterly installments against the Annual Service Charge. The Entity's failure to make the requisite Annual Service Charge payment in a timely manner shall constitute a violation and breach of the Financial Agreement and the City shall, if such failure shall continue for greater than thirty (30) days following the date such quarterly Annual Service Charge installment is due, (i) render the Entity ineligible for any Land Tax credit in respect of such quarterly Annual Service Charge installment (which shall automatically result in an increase in the amount due on such quarterly Annual Service Charge installment), (ii) enable the City, among its other remedies, to proceed against the Property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1 et seq., and/or (iii) enable the City to cancel the Financial Agreement in a manner consistent with the provisions of Section 14.1 hereof. Any default arising out of the Entity's failure to pay Land Taxes and/or Annual Service Charges, shall not be subject to the default procedural remedies as provided in Section 5.1 of this Financial Agreement.

#### Section 4.4 Material Conditions

It is expressly agreed and understood that all Land Tax Payments, Annual Service Charges, including the methodology of computation, water and sewer charges, and any interest payments due, are material conditions of this Financial Agreement. If any other term, covenant or condition of this Financial Agreement or the Application, to any person or circumstance shall, to any extent, be invalid or unenforceable, 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 term, covenant or condition of this Financial Agreement shall be valid and be enforced to the fullest extent permitted by law.

#### Section 4.5 City Administrative Charge

In addition to the Annual Service Charge, there will be a fee of 2% of the Annual Service Charge added to cover City administration costs.

#### **Article V - Dispute Resolution**

#### Section 5.1 Remedies

In the event of a breach of this Financial Agreement by either 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 Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its expedited commercial rules and regulations in such a fashion to accomplish the purpose of said Law. Costs for said arbitration shall be borne

equally by the parties. In the event of a default on the part of the Entity, to pay the Annual Service Charge as defined in Article IV, above, the City among its other remedies, reserves the right to proceed against the Entity's land and premises, in the manner provided by N.J.S.A. 54:5-1 to 54:5-129, and any act supplementary or amendatory thereof. Whenever the word "Taxes" appear, or is applied, directly or implied to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Financial Agreement, as if the Annual Service Charge were taxes or municipal liens on land. In such event, however, the Entity, whichever the case may be, does not waive any defense it may have to contest the right of the City to proceed in the above mentioned manner by conventional or In Rem Tax foreclosure.

#### <u>Article VI – Certificate of Occupancy</u>

#### Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to make application for and make all best efforts to obtain all Certificates of Occupancy in a timely manner upon determination by the City that the Project is ready for the use intended, as identified in the Application. Failure on the part of the Entity to use all best efforts to secure and submit said Certificates of Occupancy in a timely manner shall constitute a default hereunder, which shall be subject to the provisions of Articles XIII and XIV hereof.

#### Section 6.2 Substantial Completion

The Annual Service Charge is to commence from the first day of the month following the Substantial Completion, as herein defined, of the Project or any phase(s) thereof if the Project is undertaken in phases (the "Annual Service Charge Start Date").

The phrase "Substantial Completion" denotes the issuance, by the City's Construction Official, of any valid Certificate of Occupancy of all, or a substantial part of, the Project's structure.

#### Section 6.3 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with the Tax Assessor, the Tax Collector and the Chief Financial Officer of the City a copy of such certificate.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City's Tax Assessor in the absence of such filing by the Entity.

The estimated cost basis disclosed in the Application may at the option of the City's Construction Official be used as the basis for construction cost in the issuance of the building permit(s).

#### **Article VII - Annual Audits**

#### Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles and as otherwise prescribed in the Law during the term of the tax exemption.

#### Section 7.2 Periodic Reports

Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis, that this Financial Agreement shall continue in effect, the Entity shall submit its Auditor's Report certified by a certified public accountant for the preceding fiscal or calendar year to the City, to the attention of the City's Chief

Financial Officer, and the City Clerk, who shall advise those municipal officials required to be advised, and to the Director of the Division of Local Government Services in the Department of Community Affairs N.J.S.A. 40A:20-9(d). Said Auditor's Report shall include, but not be limited to the following:

Rental schedule of the Project, and the terms and interest rate on any mortgage(s) associated with the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Financial Agreement.

After full completion of the Project (as opposed to Substantial Completion), the Entity agrees to submit a Total Project Cost audit certified by a Certified Public Accountant within ninety (90) days after full completion of the Project.

#### Section 7.3 Inspection

The Entity shall, upon request by the City, permit the inspection of property, equipment, buildings and other facilities of the Project. It also shall permit, upon request, examination and audit of its books, contracts, records, documents and papers by representatives duly authorized by the City. Such inspection, examination or audit shall be made during the reasonable hours of the business day, in the presence of any officer or agent of the Entity.

#### Section 7.4 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to limitation of its profits payable by it pursuant to the provisions of <u>N.J.S.A.</u> 40A:20-15.

The Entity shall have the right to establish a reserve against unpaid rentals, reasonable contingencies and/or vacancies in an amount not exceeding ten (10%) percent

of the Annual Gross Revenue of the Entity for the last full fiscal year preceding the year in which a determination is being made with respect to permitted Net Profits and may retain part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15, 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 (10%) percent of the preceding year's Annual Gross Revenue as aforesaid.

#### Section 7.5 Payment of Dividend and Excess Profit Charge

In the event the Net Profits of the Entity, as provided in N.J.S.A. 40A:20-15, shall exceed the Allowable Net Profits for such period, then the Entity shall, within ninety (90) days after the end of such fiscal year, pay such excess profit to the City as an additional service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned Section 7.4.

#### Article VIII - Assignment and/or Assumption

#### Section 8.1 Approval

Any change made in the ownership of the Project, or any other change that would materially affect the terms of this Financial Agreement, shall be void unless approved by the City. Notwithstanding the forgoing, the following changes in ownership interests in the Entity shall be permitted, provided that prompt written notice thereof shall be given to the City as soon as practicable thereafter and written notice thereof shall also be included with the next succeeding Auditor's Report filed by the Entity pursuant to Section 7.2 hereof:

- (1) transfers of ownership interests held by individuals due to death or for purposes of estate planning, or otherwise where transfers are made between, among or to then existing principals, owners, officers of the Entity or its members, or family members of any of the foregoing or other beneficial interest owners or trusts for the benefit of any of the foregoing;
- (2) any transfer, either directly or indirectly, of the non-managing member interest in the Entity;
- (3) the admission of an institutional investor into the ownership structure of the Entity as a non-managing member to finance the Project or a portion thereof, and/or any subsequent assignments of said investor's interest in the Entity, or
- (4) transfers of ownership interests to an affiliate of the Entity, to PEEK Properties, LLC ("PEEK") or to an affiliate of PEEK, provided that PEEK or an affiliate thereof controlled by PEEK shall remain the managing member and that the transferee shall be an urban renewal entity.

No administrative fee shall be payable in respect of any transfers of ownership interest described in clauses (i) through (4) above. As permitted by N.J.S.A. 40A:20-10, it is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to the sale of the Project (but not a portion thereof) and the transfer of this Financial Agreement to another urban renewal entity, provided that (a) if such sale and transfer is to occur prior to Substantial Completion, the transferee urban renewal entity shall have demonstrated to the reasonable satisfaction of the City that it possesses the experience and capitalization necessary to complete and operate the Project, which determination by the City shall not be unreasonably withheld, conditioned or

delayed; (b) the transferee urban renewal entity does not own any other project subject to long term tax exemption at the time of transfer; (c) the transferee urban renewal entity is formed and eligible to operate under the Law; (d) the Entity is not then in Default of this Financial Agreement or in violation of the Law; (e) the Entity's obligations under this Financial Agreement are fully assumed by the transferee urban renewal entity; and (f) the transferee urban renewal entity abides by all terms and conditions of this Financial Agreement. Any such consent shall be conditioned upon payment of an application fee equal to two percent (2%) of the Annual Service Charge.

#### Section 8.2 Operation of Project

The Project shall be operated in accordance with the provisions of the Law, as currently amended and/or supplemented. Operation of the Project under this Financial Agreement shall not only be terminable as provided by the Law, but also by a material breach of this Financial Agreement.

#### Section 8.3 Termination

The Entity hereby agrees at all times prior to the expiration or termination of this Financial Agreement to remain bound by the provisions of the Law. It is an express condition of the granting of this tax exemption that during its duration, the Entity shall not, without the prior consent of the Municipal Council, convey, mortgage or transfer, all or part of the Project so as to sever, disconnect, or divide the Improvements from the Land which are basic to, embraced in, or underlying the exempted Improvements.

#### <u>Article IX – Notice</u>

#### Section 9.1 Notice

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested, addressed as follows:

(a) When sent by the City to the Entity it shall be addressed as follows:

PEEK Highland II Owner Urban Renewal, LLC 300 Executive Drive, Suite 360 West Orange, NJ 07052

Attention:

Phillip Evanski, Manager

Phone: 973-736-9600

Email: pevanski@peekcp.com

With a copy to:

Reginald Jenkins, Jr., Esq. Trenk Isabel Siddiqui & Shahdanian, P.C. 290 Park Avenue, Suite 2370 Livingston, New Jersey 07039

Phone: (973) 533-1000

Email: rjenkins@trenkisabel.law

(b) When sent by the Entity to the City, it shall be addressed as follows:

City Hall 29 North Day Street Orange, New Jersey 07050

Attention: Municipal Clerk and Business Administrator

The notice to the City shall identify the subject as "Peek Highland II Redevelopment Project" and shall include any assigned tax account numbers.

#### Article X - Compliance

#### Section 10.1 Statutes and Ordinances

The Entity hereby agrees at all times prior to the expiration or termination of this Financial Agreement to remain bound by the provisions of Federal and State Statutes and Municipal Ordinances and Regulations including, but not limited to, the Law. The

Entity's failure to comply with such statutes or Ordinances shall constitute a violation and breach of the Financial Agreement and the City shall, among its other remedies, have the right to terminate said tax exemption in accordance with the provisions of Articles XIII and XIV hereof.

#### **Article XI - Construction**

#### Section 11.1 Construction

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

#### **Article XII – Indemnification**

#### Section 12.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action brought against the Entity by reason of any breach, default or a violation of any of the provisions of this Financial Agreement and/or the provisions of the Law, the Entity shall indemnify and hold the City harmless, and the Entity agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents, the expense thereof to be borne by the Entity.

#### Article XIII - Default

#### Section 13.1 Default

Default shall be failure of the Entity to comply with the terms of this Financial Agreement and failure of the Entity to perform any obligation imposed upon the Entity by statute, ordinance or lawful regulation, subject to the expiration of any applicable notice, grace and cure periods provided in this Financial Agreement.

#### Section 13.2 Cure Upon Default

Should the Entity be in default as defined and set forth in this Financial Agreement, the City shall notify the Entity in writing of said default. Said notice shall set forth with particularly the basis of said default. The Entity shall have thirty (30) days from its receipt of such notice to cure any alleged default (other than a default in the payment of any installment of the Annual Service Charge, which shall instead be subject to the provisions of Section 4.3 hereof), provided that if the default cannot reasonably be cured within the applicable cure period using reasonable diligence, then the time to cure shall be extended upon written request for one additional thirty (30) day period of time. The City may not cancel the Financial Agreement unless thirty (30) days' notice to cure has also been given to all lenders of record.

#### Section 13.3 Remedies Upon Default

Subsequent to the passage of requisite number of days after the Entity's receipt of a default notice (as set forth in Sections 4.3 or 14.2 hereof) without cure, the City shall have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54: 4-1, et seq., if the default is the failure to pay the Annual Service Charge, and/or may cancel the Financial Agreement. All of the remedies provided in this agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No determination of any provision within this Financial

Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay land taxes, the Annual Service Charge, and/or the water and sewer charges and interest payments. This right shall apply to arrearages that are due and owing at the time, and the bringing of any action for land taxes and Annual Service Charges, 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, and water and sewer charges, or other charges shall not be construed as a waiver of the right to terminate said tax exemption and/or proceed with In Rem Foreclosure action or any other remedy.

#### **Article XIV - Termination**

#### Section 14.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy such default or material breach within the time period provided in Section 13.2, the City may cancel this Financial Agreement upon thirty (30) days notice to the Entity and all lenders of record, which may be nullified upon a cure of the subject default by or on behalf of the Entity. For purposes of rendering a final financial accounting the termination of the agreement shall be deemed to be the end of the fiscal year for the Entity. The Entity shall within ninety (90) days after the date of such termination pay to the City a sum equal to the amount of the reserves, if any, maintained pursuant to N.J.S.A. 40A:20-13 and 15. Upon such termination of the Project, all affected parcels and all improvements made thereto shall be assessed and subject to taxation as are all other taxable properties within the City.

#### Section 14.2 Final Accounting

Upon any termination of such exemption, whether by affirmative action of the Entity or by virtue of the provisions of the Law, or pursuant to the terms of this Financial Agreement, the date of such termination shall be deemed to be the end of the fiscal year of the Entity solely for the purpose of providing a final accounting pursuant to this Financial Agreement.

It is further provided that at the end of the period of tax exemption granted hereunder, the Land and Improvements shall be assessed and taxed according to general law like other property in the City. At the same date, all restrictions and limitations upon the Entity shall terminate upon the Entity rendering its final accounting with the City, and the City's acceptance thereof, pursuant to N.J.S.A. 40A:20-13.

#### Article XV - Miscellaneous

#### Section 15.1 Conflict

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

#### Section 15.2 Oral Representations

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

#### Section 15.3 Entire Document

All conditions in the Ordinance of the Municipal Council approving this Financial Agreement, and the Application, with all attachments and exhibits, are incorporated in this Financial Agreement and made a part hereof.

#### Section 15.4 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

#### Section 15.5 Grammatical Agreement

The bracketing of the letter(s) at the end of a word such as unit(s) shall mean the singular or plural as proper meaning requires and all related verbs and pronouns shall be made to correspond.

#### Section 15.6 Recording

Either this entire Financial Agreement or a memorandum of recording may be filed and recorded with Essex County Register of Deeds by the Entity.

#### Article XVI – Exhibits

Exhibit A - PEEK Highland II Owner Urban Renewal, LLC Tax Abatement Application

[Signature page follows]

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

ATTEST:	PEEK HIGHLAND II OWNER URBAN RENEWAL, LLC		
Witness	By: Emanuel Klein, Member		
ATTEST:	THE CITY OF ORANGE TOWNSHIP		
Clerk	Dwayne D. Warren, Esq., Mayor		
APPROVED AS TO FORM			
City Attorney			

#### **EXHIBIT A**

# City of Orange Township Application for Long Term Tax Abatement

#### **Overview of application contents:**

- o Section I General instructions regarding the completion of the application
- Section II Identification of the applicant
- o Section III Detailed description of the Project
- Section IV Type of abatement and term requested
- o Representations and certifications required by statute
- o Signature by the applicant
- o Exhibits

#### I. Instructions:

Please complete this application in its entirety and attach all required supporting documentation. Incomplete applications will be returned and may significantly delay the tax abatement authorization process or cause the application to be denied.

#### Important notes:

- 1) Certain documents required in this application must be prepared by qualified professionals other than the applicant. In particular, survey documents must be signed and sealed by a licensed surveyor, site plan documents must be signed and sealed by a professional engineer and detailed cost estimates must be certified by a licensed engineer or architect.
- 2) Under New Jersey law, applicants for long-term abatements must be organized as an Urban Renewal Entity as certified by the New Jersey Department of Community Affairs. (Low and moderate income housing projects located in particular areas may be exempt from this requirement in certain cases.)
- 3) The application must be accompanied by a proposed form of financial agreement. Please ensure that the financial agreement attached to this application is appropriate to the type of project for which you are seeking an abatement.

Completed applications, including the application fee, should be submitted to:

Christopher M. Hartwyk Business Administrator City of Orange Township 29 North Day Street Orange, New Jersey 07050

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

Christopher Hartwyk
Business Administrator
Phone: (973) 266-4010
E-mail: <a href="mailto:chartwyk@ci.orange.nj.us">chartwyk@ci.orange.nj.us</a>

#### II. Developer Identification:

A.	Name of Applicant:
	PEEK Highland II Owner Urban Renewal, LLC
B.	Principal Address:
	59 Main Street, Suite 203 West Orange, NJ 07052
C.	Type of Entity (check one)
	Corporation X LLC LLP Partnership Other (please specify)
D.	Contact Information
	1.) Name of Primary Contact: Phillip J. Evanski
	2.) Contact Numbers:
	a. Phone: <u>973-736-3600</u>
	b. Fax:
	c. Email: <u>pevanski@peekcp.com</u>
E.	Name and Address of Statutory Agent: Please list the name and address of the entity upon whom a legal process can be served:
	Phillip J. Evanski 924 Bergen Avenue, Suite 292 Jersey City, NJ 07306

F. Federal Tax Identification Number:

84-2108149

#### G. Disclosure of Ownership:

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

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

#### H. Certificates of Incorporation and Approval:

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

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

#### I. Authorization to Submit Application:

Please provide a certified copy, bearing the seal of the urban renewal entity, of a company resolution authorizing submission of the application in the form provided as Exhibit 4 of this application.

### III. Project Description:

A. Applicant's Ownership Interest in the Project:
X Conventional (Fee Simple) Condominium
B. Project Type (Please check all that apply):
X_Residential;Retail;Office; Manufacturing; Distribution Facility;Hotel;
Other (Specify):
If the project involves more than one type of usage, indicate the percentage that each usage bears to the overall project measured using square feet of gross area:
_100_ % Residential; % Retail; % Office; % Manufacturing; % Distribution Facility;
% Hotel;% Other (specify here)
C. Marketing Expectation:
For SaleBoth
D. Project Location:
1. Provide all of the street addresses by which the project site is currently known:
Address #1: 415 Highland Avenue Address #2: 407 Highland Avenue
2. Provide all tax lots that comprise the project site. Designate lots as they appear on the official maps o the Tax Assessor as of the date of this application (i.e. prior to any subdivision associated with the project):
Block: 4902 Lot: 17 Block: 4902 Lot: 16
3. Metes and Bounds Description:
Please attach the metes and bounds description of the project site as Exhibit 5 of this application.
4. Survey:
Please attach survey of the project site as Exhibit 6 of this application. If a survey has not yet been completed, a plotting on the official tax map may be provided at this time. A certified survey will be required prior to execution of any financial agreement.

#### E. Deed or Lease Agreement:

Please attach a copy of the deed or lease agreement for the property as Exhibit 7 confirming that the project is under the control of the applicant.

#### F. Purpose of Project:

1.	This project is located within an officially designated "area in need of redevelopment."  X Yes No
2.	This project is located within an Urban Enterprise Zone.  YesX_ No
3.	This Project is intended to provide housing to low and/or moderate income households: Yes _XNo
	Please indicate the number of units of each type listed below, as appropriate.
	Number of units for low income households:  Number of units for moderate income households:  Number of market rate units:102  Total number of residential units:102
	This Project is intended to provide housing to households relocated as a result of a redevelopment ject:Yes _ XNo
	This Project is intended as a means to implement the objectives set forth in an adopted development Plan: X Yes No
	If the answer to questions 3 through 5 of this section was "No", please indicate the purpose of the ject:

#### H. Narrative Description of Project:

Applicant proposes to develop a vacant lot and 1 dilapidated vacant single family home to construct and operate a 102 unit multi-family residential property. The property shall include (12) studio units, (59) one bedroom units and (31) two bedroom units along with (97) garage parking spots. The existing structures will be demolished.

#### I. Current Conditions:

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

There is one vacant lot and 1 dilapidated single family home that will be demolished.

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

Block			rrent Tax sessment	Current Real Property Tax Levy	
4902	17	\$	85,400	\$	4,539
4902	16	\$	287,100	\$	15,259
Τα	tal:	\$	372,500	\$	19,798

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

Current Status of Municipal Fees and Charges (specify type) Attached (None)

#### J. Site Plan Approval:

Provide a copy of the site plan approved by the Planning Board for the Project. Also provide a copy of the resolution of the Planning Board providing final site plan approval for the project. Attach the site plan as Exhibit 9 of this application and the resolution as Exhibit 10 of this application.

#### K. Project Cost Estimates

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

#### L. Project Pro-Forma:

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

#### M. Project Financing Plan:

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

#### N. Explanation of the Need for Tax Abatement:

Provide an explanation of why the applicant believes that a long tern tax abatement is necessary to make this project economically feasible. Attach the explanation as Exhibit 16 of this application.

#### O. Project Schedule:

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

#### P. Statement of Project Benefits:

Provide a detailed description of the public benefits that would result from the project. At a minimum, include a projection of the number and type of construction jobs to be created, the number and type of permanent jobs to be created and the amount of municipal revenue to be generated by the project through the payment of taxes, payments in lieu of taxes, water and sewer fees and any other municipal payments. Attach the description as Exhibit 18 of the application.

#### IV. Abatement Information:

X Annual Gross Revenue (Non-condominium)	Project Cost
Imputed debt service (Condominium)	
B. Term Requested:	
30 Years	

#### C. Proposed Rates and Phases:

Starting Year	Ending Year	Rate	Phase-out (alternative method)
2025 2035	2034 2039	4.0% 7.0%	
2040	2044	10.0%	
2045	2049	12.0%	

#### D. Form of Financial Agreement:

Attach the proposed form of the financial agreement as Exhibit 19 of the application. The correct form for your project type should be attached to this application. Please note that the final financial agreement provides that a sealed certification by the project architect as to the final project cost must be submitted so that it can be added to the agreement within 60 days after the issuance of the Certificate of Occupancy for the project.

The form financial agreement shall be provided once obtained from and negotiated with the City of Orange.

#### Representations and Certifications:

In submitting the application, the Developer certifies that all of the information is true and accurate to the best of his or her knowledge and further certifies to the following:

- A. The project conforms to the Redevelopment Plan that is in effect for the area that includes the project site and with any Redevelopment Agreement as may be in place between the Municipality and the Developer.
- B. The Project either 1) conforms to the Master Plan of the Municipality; or 2) to the extent that the Redevelopment Plan is inconsistent with the Master Plan, the Project conforms to the Redevelopment Plan and the Municipal Council, in adopting the Redevelopment Plan, set forth its reasons for adopting a Redevelopment Plan with such inconsistencies.
- C. The project will conform to and the applicant(s) agrees to comply with all Federal and State laws and to all applicable municipal ordinances.
- D. Construction of the project has not commenced as of the time of the submission of this application. The applicant understands that the Municipal Council is under no obligation to approve this tax abatement application. Any work done on the assumption of receipt of a tax abatement following the submission of the application and before final approval is undertaken at the risk of the developer. Note that under no circumstances will an abatement be granted for a project that has already reached substantial completion.
- F. No officer or employee of the Municipality has any interest, directly or indirectly, in the project that is the subject of this application.

#### **Signatures**

By my signature below, I hereby submit this application on behalf of the Developer. I certify that all of the information is true and accurate to the best of my knowledge and belief. I am aware that if any of the information provided is willfully false, that I am, subject to prosecution.

For the Developer:

By: V Name: Phillip J. Evanski

Title: Manager

1/25/2021

Date

Please notarize here or provide attestation and seal of corporate secretary

NOTATE Public - State of New Jersey
My Commission Expires Jul 27, 2025

### **EXHIBITS**

The following is a check-list of required exhibits that must be attached to the application:

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

## **EXHIBIT 1**

## **Disclosure of Ownership**

Please see attached.

#### STATEMENT OF OWNERSHIP DISCLOSURE

N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

This statement shall be completed, certified to, and included with all bid and proposal submissions. Failure to submit the required information is cause for automatic rejection of the bid or proposal.

<u>Name</u>	of Organization: PEEK Alghianu D	Owner Orban Renewal, CCC			
Organ	ization Address: 59 Main Street, Su	ite 203 West Orange, NJ 07052			
<u>Part</u>	I Check the box that represents the t	ype of business organization:			
So	le Proprietorship (skip Parts II and III, e	execute certification in Part IV)			
$\square_{N_0}$	on-Profit Corporation (skip Parts II and I	III, execute certification in Part IV)			
	r-Profit Corporation (any type)				
		Limited Liability Partnership (LLP)			
	•				
	her (be specific):				
<u>Part</u>	<u>II</u>				
X	The list below contains the names and addresses of all stockholders in the corporation who own 10 percent or more of its stock, of any class, or of all individual partners in the partnership who own a 10 percent or greater interest therein, or of all members in the limited liability company who own a 10 percent or greater interest therein, as the case may be. (COMPLETE THE LIST BELOW IN THIS SECTION)				
	OR				
	No one stockholder in the corporation owns 10 percent or more of its stock, of any class, or no individual partner in the partnership owns a 10 percent or greater interest therein, or no member in the limited liability company owns a 10 percent or greater interest therein, as the case may be. (SKIP TO PART IV)				
(Please	(Please attach additional sheets if more space is needed):				
Nan	ne of Individual or Business Entity	Home Address (for Individuals) or Business Address			
PEE	K Highland II QOF, LLC 99.9%	924 Bergen Avenue, Suite 292 Jersey City, NJ 07306			
PEEI	K Highland II Manager, LLC 00.1%	924 Bergen Avenue, Suite 292 Jersey City, NJ 07306			

## <u>Part III</u> DISCLOSURE OF 10% OR GREATER OWNERSHIP IN THE STOCKHOLDERS, PARTNERS OR LLC MEMBERS LISTED IN PART II

If a bidder has a direct or indirect parent entity which is publicly traded, and any person holds a 10 percent or greater beneficial interest in the publicly traded parent entity as of the last annual federal Security and Exchange Commission (SEC) or foreign equivalent filing, ownership disclosure can be met by providing links to the website(s) containing the last annual filing(s) with the federal Securities and Exchange Commission (or foreign equivalent) that contain the name and address of each person holding a 10% or greater beneficial interest in the publicly traded parent entity, along with the relevant page numbers of the filing(s) that contain the information on each such person. Attach additional sheets if more space is needed.

Website (URL) containing the last annual SEC (or foreign equivalent) filing	Page #'s

Please list the names and addresses of each stockholder, partner or member owning a 10 percent or greater interest in any corresponding corporation, partnership and/or limited liability company (LLC) listed in Part II other than for any publicly traded parent entities referenced above. The disclosure shall be continued until names and addresses of every noncorporate stockholder, and individual partner, and member exceeding the 10 percent ownership criteria established pursuant to N.J.S.A. 52:25-24.2 has been listed. Attach additional sheets if more space is needed.

Stockholder/Partner/Member and Corresponding Entity Listed in Part II	Home Address (for Individuals) or Business Address
See Attached.	

#### Part IV Certification

I, being duly sworn upon my oath, hereby represent that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge: that I am authorized to execute this certification on behalf of the bidder/proposer; that the <name of contracting unit> is relying on the information contained herein and that I am under a continuing obligation from the date of this certification through the completion of any contracts with <type of contracting unit> to notify the <type of contracting unit> in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I am subject to criminal prosecution under the law and that it will constitute a material breach of my agreement(s) with the, permitting the <type of contracting unit> to declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): Phi	Ilip J. Evanski	Title:	Manager
Signature:	PM	Date:	1/18/2022

## PEEK Highland II QOF, LLC List of Members and Percentage Interests

Name	Percentage Interest		
Phillip J. Evanski	25.000 %		
Marbin Holding, LLC	25.000%		
Eric Klein	50.000%		
Total	100.000%		

## **EXHIBIT 2**Certificate of Incorporation

Please see attached.

## NEW JERSEY DEPARTMENT OF THE TREASURY DIVISION OF REVENUE AND ENTERPRISE SERVICES

#### CERTIFICATE OF FORMATION

#### PEEK HIGHLAND LLC 0450390786

The above-named DOMESTIC LIMITED LIABILITY COMPANY was duly filed in accordance with New Jersey State Law on 06/17/2019 and was assigned identification number 0450390786. Following are the articles that constitute its original certificate.

1. Name:

PEEK HIGHLAND LLC

- 2. Registered Agent: PHILLIP J EVANSKI
  - IIIIDII O DVAIONI

3. Registered Office: 924 BERGEN AVE

SUITE 292

JERSEY CITY, NEW JERSEY 07306

4. Business Purpose:

OWNER OF MULTIFAMILY PROPERTIES

- 5. Effective Date of this Filing is: 06/17/2019
- 6. Members/Managers:

PHILLIP J EVANSKI
924 BERGEN AVE
SUITE 292
JERSEY CITY, NEW JERSEY 07306

EMANUEL KLEIN
492-C CEDAR LN
SUITE 310
TEANECK , NEW JERSEY 07666

7. Main Business Address:

924 BERGEN AVE SUITE 292 JERSEY CITY, NEW JERSEY 07306

Signatures:

PHILLIP J EVANSKI AUTHORIZED REPRESENTATIVE

## NEW JERSEY DEPARTMENT OF THE TREASURY DIVISION OF REVENUE AND ENTERPRISE SERVICES

#### **CERTIFICATE OF FORMATION**

#### PEEK HIGHLAND LLC 0450390786



Carrificate Number : 4080540313
Verify this certificate online at
https://www.i.state.uj.us/TYTR\_StandingCert/JSP/Verify\_Cert.jsp

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal 17th day of June, 2019

Shaper Mun-

Elizabeth Maher Muoio State Treasurer

## **EXHIBIT 3**

## Certificate of DCA Approval of Urban Renewal Entity

**In Process** 

## **EXHIBIT 4**

## Resolution Authorizing Submission of Application

Please see attached.

## Resolution of Unanimous Consent by PEEK Highland II Owner Urban Renewal, LLC

The undersigned Manager of PEEK Highland II Owner Urban Renewal, LLC, a New Jersey limited liability company (the "Company") does hereby adopt the following Resolution.

WHEREAS, the Company desires to make application to the City of Orange Township, Essex County, New Jersey (the "Municipality"), seeking a long term tax abatement relative to the property located at Block 4902 Lot 16 and 17 within the Lincoln-Highland Avenue Redevelopment Area in the City of Orange Township, Essex County, New Jersey (the "Property").

#### NOW, THEREFORE, IT IS HEREBY,

**RESOLVED**, that the Company, through its duly authorized manager, PEEK Highland II Manager, LLC, and is hereby authorized to submit an application to the Municipality for the provision of a long term tax abatement for the Property; and

IT IS FURTHER RESLOVED, that if the Company's application is accepted by the Municipality, the Manager of this Company is authorized to execute and deliver on the Company's behalf, a financial agreement substantially in the form attached to the application with such changes thereto as may be negotiated by the Company and the Municipality, and such other documents as may be necessary to facility such long term tax abatement.

IN WITNESS WHEREOF, the undersigned has hereunto set their hands and seals effective this 18th day of January 2022.

PEEK HIGHLAND II OWNER URBAN RENEWAL, LLC By: PEEK HIHGLAND II MANAGER, LLC

Name: Philip/J. Evanski

Title: Manager

## **EXHIBIT 5**

## **Metes and Bounds Description**

### DESCRIPTION

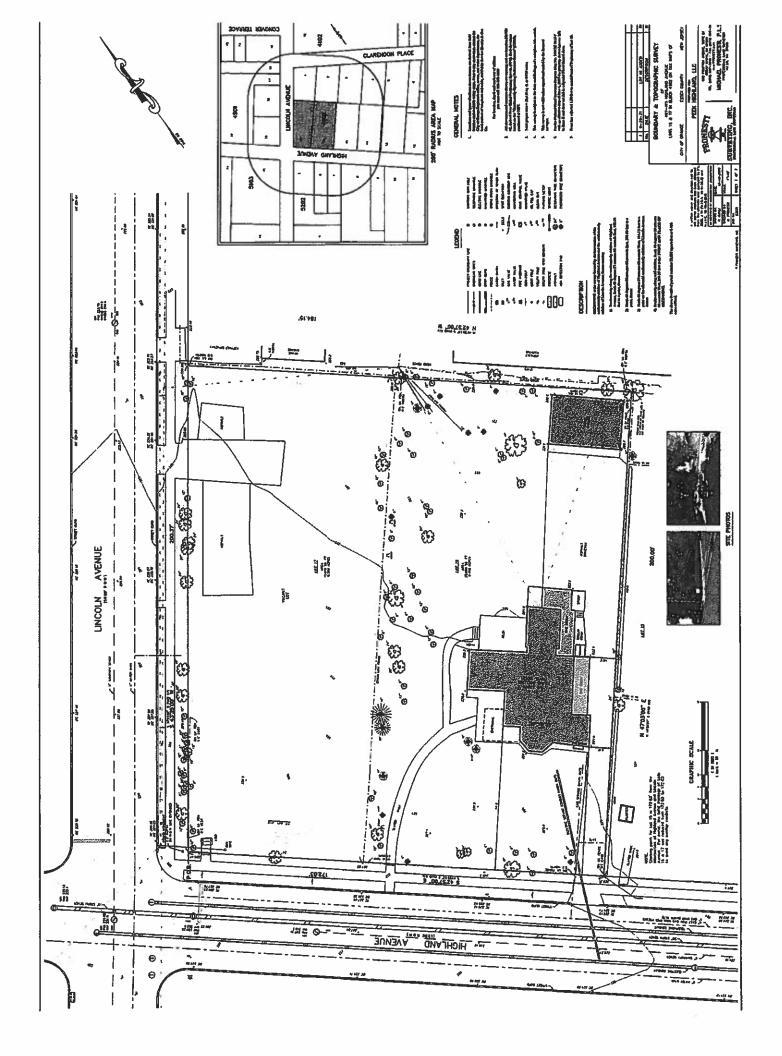
**BEGINNING** at the corner formed by the intersection of the northeasterly sideline of Highland Avenue and the southeasterly sideline of Lincoln Avenue; thence running

- 1) Southeasterly along the northeasterly sideline of Highland Avenue, South 42 degrees 57 minutes 00 seconds East, 172.03 feet to a point, thence
- 2) North 47 degrees 03 minutes 00 seconds East, 200.00 feet to a point, thence
- 3) North 42 degrees 57 minutes 00 seconds West, 184.15 feet to a point on the aforesaid southeasterly sideline of Lincoln Avenue, thence
- 4) Southwesterly along said sideline, South 43 degrees 35 minutes 00 seconds West, 200.37 feet to the POINT AND PLACE OF BEGINNING.

The above described parcel contains 35,618 square feet or 0.818 acres of land.

## EXHIBIT 6 Survey

Please see attached.



## **EXHIBIT 7**

## **Copy of Deed**

Please see attached.

## BRACH EICHLERus

C. Maura Trasente Paralegal, Real Estate Practice Group

Direct Dial: 973-364-8338 Direct Fax: 973-618-5506

E-mail: MTrasente@bracheichler.com

January 20, 2022

#### **VIA REGULAR MAIL**

Phillip J. Evanski Peek Properties 59 Main Street, Suite 203 West Orange, NJ 07052

Re:

Recorded Deed - 407 Highland Avenue, Orange, NJ

Dear Phil:

In connection with the above referenced matter, enclosed please find the original Deed dated December 10, 2021 and delivered on December 15, 2021 between Loraine A. Smart-Armstrong, as Executor for the Estate of Daniel Angelo Frank and Peek Highland II Owner Urban Renewal LLC, recorded on December 29, 2021 with the Essex County Register of Deeds as Instrument Number: 2021151547.

Please keep these documents in a safe place. Should you have any questions, please do not hesitate to contact me.

Very truly yours.

C. M. Trasente

C. Maura Trasente Paralegal, Real Estate Practice Group

CMT: Enclosures

> 5 Penn Plaza, 23rd Floor New York, New York 10001 212.896.3974

101 Eisenhower Parkway Roseland, Now Jersey 07068 973,228,5700

www.brachelchler.com

777 South Flagler Drive Suite 800, West Tower West Palm Beach, Florida 33401 561,899,0177

#### JUAN M. RIVERA, JR ESSEX COUNTY REGISTER OF DEEDS & MORTGAGES



Hall of Records 465 Martin Luther King Jr Blvd Room 130 Newark, NJ 07102 (973) 621-4960

\*RETURN DOCUMENT TO:

**BRACH EICHLER LLC** 101 EISENHOWER PARKWAY ROSELAND, NJ 07068

ATTN: JEFFREY H ITZKOWITZ, ESQUIRE

Instrument Number - 2021151547 Recorded On 12/29/2021 At 10:35:33 AM

\* Instrument Type - DEED Invoice Number - 544038

User ID: BB

\*Total Pages - 6

- \* Grantor SMART-ARMSTRONG, LORAINE A (EXECUTOR)
- \* Grantee PEEK HIGHLAND II OWNER URBAN RENEWAL LLC
- \* PARCEL IDENTIFICATION NUMBER Block: 4902 Lot: 16 - ORANGE

#### \* FEES

COUNTY REALTY TAX \$1,000.00
COUNTY REALTY TAX - \$500.00
PHPFA
NJ PRESERVATION ACCOUNT \$35.00
REGISTER RECORDING FEE \$45.00
STATE REALTY TAX \$2,500.00
STATE REALTY TAX - \$1,900.00
EAA
STATE REALTY TAX - \$2,400.00
GENERAL PURPOSE
NJAHTF \$1,275.00
HOMELESSNESS TRUST FUND \$3.00
TOTAL PAID \$9.658.00

I hereby CERTIFY that this document is Recorded in the Register of Deeds & Mortgages Office of Essex County, New Jersey

> Juan M. Rivera, Jr Register of Deeds & Mortgages

THIS IS A CERTIFICATION PAGE

# Do Not Detach

#### THIS PAGE IS NOW PART OF THIS LEGAL DOCUMENT

\* - Information denoted by an asterisk may change during the verification process and may not be reflected on this page.



Essex County Recording Data Page Honorable Juan M. Rivera, Jr. Essex County Register	Official Use Only				
Date of Document: 12/15/2021	Type of Document: Deed				
First Party Name: Loraine A. Smart-Armstrong, As Executor for the Estate of Daniel Angelo Frank	Second Party Name: Peek Highland II Owner Urban Renewal LLC				
Additional Parties:					
THE FOLLOWING SECTION IS REQUIRED FOR DEEDS ONLY					
Block: 4902 Lot: 16 Qualifier:					
Municipality: City of Orange Township					
Consideration: \$1,000,000.00					
Mailing Address of Grantee: 924 Bergen Street, Suite 292, Jersey City, NJ 07306					
THE FOLLOWING SECTION IS FOR ORIGINAL MORTGAGE BOOKING & PAGING INFORMATION ASSIGNMENTS, RELEASES, SATISFACTIONS, DISCHARGES & OTHER ORIGINAL MORTGAGE AGREEMENTS ONLY					
Original Book:	Original Page:				
ESSEX COUNTY RECORDING DATA PAGE  Please do not detach this page from the original document as it					

Bargain and Sale Deed (Covenant as to Grantor's Acts)

James L. Esposito, Esquire

#### **DEED**

This Deed is made on Decules 10 2021, and delivered on Decules 15th 2021,

**BETWEEN** 

LORAINE A. SMART-ARMSTRONG, AS EXECUTOR FOR THE ESTATE OF DANIEL ANGELO FRANK, having an address of 407 Highland Avenue, Orange, NJ 07050, referred to as "the Grantor".

AND

PEEK HIGHLAND II OWNER URBAN RENEWAL LLC (A New Jersey Limited Liability Company), having an address of 924 Bergen Street, Suite 292, Jersey City, NJ 07306, referred to as "the Grantee".

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

Transfer of Ownership. The Grantor grants and conveys (transfers ownership of) the property described below to the Grantee. This transfer is made for the sum of One Million Dollars and 00/100 (\$1,000,000.00). The Grantor acknowledges receipt of this money.

Tax Map Reference. (N.J.S.A. 46:15-2.1) City of Orange Township, Block No. 4902, Lot No. 16.

Property. Title to the Fee Simple estate or interest in the Land is at the Commitment date vested in Loraine A. Smart-Armstrong, Executrix of the Estate of Daniel A. Frank, by Deed from Phyllis L. Albertis, widow, to Daniel A. Frank and Sylvia D. Frank, husband and wife, dated August 4, 1978, recorded August 9, 1978 in the Essex County Clerk/Register's Office in Deed Book 4613 Page 428.

Sylvia D. Frank died November 26, 2020, whereby title vested in Daniel A. Frank as surviving Tenant by the Entirety.

Daniel A. Frank died May 8, 2021, leaving a Last Will and Testament dated January 21, 2021, and recorded in Docket No. 2021-1384.

Letters Testamentary were issued to Loraine A. Smart-Armstrong on May 21, 2021

Commonly known as 407 Highland Avenue, Orange, NJ 07050.

### GIT/REP-3 State of New Jersey (2-21) SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(Prin	t or T	ypa)		<u></u>	
SEL	LER	'S INFORMATION			
Nam LOF		E A. SMART-ARMSTRO	NG, AS EXECUTOR FOR T	THE ESTATE OF DANIEL ANGEL	D FRANK
Cum	ent SI	treet Address			
31 F	RIN	CETON STREET			
		n, Post Office Box		State	Zip Code
		VOOD RTY INFORMATION		NJ	07040
Bloc		CITINFORWATION	Lot(s)	Qualifi	
490			16	aconii.	
	et Ado	dreas			
407	Hìgh	land Avenue			
		n, Post Office Box		State	Zip Code
Ora		esseries of Oursandia	Total Consideration	NJ Owner's Share of Consideration	07050 Closing Date
		ercentage of Ownership	19911		12119/2021
100	_	'S ASSUDANCES (Chac	\$1,000,000 ok the Appropriate Roy) (Seve	\$1,000,000 es 2 through 14 apply to Residents &	
1.	×	will file a resident Gross Inco	me Tex return, and will pay any app	ate of New Jersey pursuant to the New Jers ticable taxes on any gain or income from the	disposition of this property.
2. 3.			• •	ncipal residence as defined in 26 U.S. Code rigagee in foreclosure or in a transfer in lieu	
υ.	ш	additional consideration.	ing the montgages property to a new	illigation in the constant in the	
4.		Seller, transferor, or transferor Jersey, the Federal National Association, or a private more	Mortgage Association, the Federal I	inited States of America, an agency or author Home Loan Mortgage Corporation, the Gove	rity of the State of New Friment National Mortgage
<b>5</b> .		Seller is not an individual, es	late, or trust and is not required to m	nake an estimated Gross Income Tax payme	enL
6.	The total consideration for the property is \$1,000 or less so the seller is not required to make an estimated income Tax payment.				
7.		APPLICABLE SECTION). If I		rurposes under 26 U.S. Code section 721, 16 siety apply to this transaction, the seller actor report the recognized gam.	
		Seller did not receive non-like			2 1970 20
8.		decedent's estate in accorda	nce with the provisions of the deced	rator of a decedent to a devisee or heir to ef tent's will or the intestate laws of this State.	
9.		The real property being sold proceeds from the sale and I	is subject to a short sale instituted b he mortgagee will receive all proces	ry the mortgagee, whereby the seller agreed ads paying off an agreed amount of the mort	nol to receive any gago.
10.			igust 1, 2004, and was not previous	•	
11.		property from the seller and t	hen sells the house to a third party (	•	
12.	Code section 1041.				
13.		The property transferred is a			A - Ab B Ab -
14.		sattlement sheet.		eds from the sale means the net amount du	
15.			at that received an acknowledgment juired to make the estimated Gross	letter from the Internat Revenue Service the Income Tax payment.	it the seller is a retirement
16.		The seller (and/or spouse/civ Armed Forces and is now sel applicable and neither boxes	lking the property as a result of being	d the property while a resident of New Jerac g deployed on active duty autside of New Je	y as a member of the U.S. rsey. (Only check this box if
SEL	LER	'S DECLARATION			
The u any f and,	undera alse st to the	signed understands that this de talement contained herein may best of my knowledge and bel	y be punished by fine, imprisonment ref, it is true, correct and complete. I	Isclosed or provided to the New Jersey Divis , or both. I furthermore declare that I have e By checking this box I I certify that a Pow tith the deed to which this form is attached.	xamined this declaration
		12/10/2021	Lovaire AS	ment Amotrons	
		Date (	Signature (Seller) - Loraine A Frank - Indicate if Power of A		Estate of Daniel Angelo
		Date	Signature (Seller) - Indicate i	f Power of Attorney or Attorney in Fact	·

#### EXHIBIT A LEGAL DESCRIPTION

Issuing Office File No. ZT-4320

ALL that certain lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the City of Orange Township, in the County of Essex, State of NJ:

BEGINNING on the northerly side of Highland Avenue distant 73 feet and 10 inches easterly from the northeasterly corner of Lincoln Avenue and Highland Avenue and running; thence

- (1) Along the northerly line of Highland Avenue, South 42 degrees 40 minutes East 100 feet to a point; thence
- (2) North 47 degrees 20 minutes East 200 feet to a point; thence
- (3) North 42 degrees 40 minutes West 100 feet to a point; thence
- (4) South 47 degrees 20 minutes West 200 feet to the point and place of BEGINNING.

Being more particularly described in accordance with a survey prepared by Pronesti Surveying, Inc., dated October 18, 2018 and revised September 29, 2021.

BEGINNING at a point on the northerly side of Highland Avenue (60 feet wide) distant 73.83 feet easterly from the northeasterly corner of Lincoln Avenue (60 feet wide) and Highland Avenue and running; thence

- (1) Along the northerly line of Highland Avenue, South 42 degrees 57 minutes 00 seconds East 100.00 feet to a point; thence
- (2) Leavings said sideline, North 47 degrees 03 minutes 00 seonds East 200 feet to a point; thence
- (3) North 42 degrees 57 minutes 00 secondss West 100.00 feet to a point; thence
- (4) South 47 degrees 03 minutes 00 seconds West 200.00 feet to the point and place of BEGINNING.

FOR INFORMATION PURPOSES ONLY: BEING known as 407 Highland Avenue, Tax Lot 16, Tax Block 4902 on the Official Tax Map of City of Orange Township, NJ.

Subject for easements, restrictions of record, zoning ordinances and the results of what an accurate survéy of the property would reveal.

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

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

Witnessed by:

AS EXECUTOR FOR THE ESTATE OF

DANIEL ANGELO FRANK

STATE OF NEW JERSEY.

COUNTY of ESSEX

SS:

I CERTIFY that on 10, day of Decuber, 2021,

Loraine A. Smart-Armstrong, as Executor for the Estate of Daniel Angelo Frank, personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each):

- (a) is named in and personally signed this Deed:
- (b) signed, sealed and delivered this Deed as is voluntary act and deed;
- (c) made this Deed for \$1,000,000 dollars as the full and actual consideration paid or to be paid for the transfer of title. (Such consideration is defined in N.J.S.A 46:15-5.)

James L. Esposito, Esquire

Attorney at Law, State of New Jersey

RECORD AND RETURN TO:

Jeffrey H. Itzkowitz, Esquire Brach Eichler LLC 101 Eisenhower Parkway Roseland, NJ 07068

### **EXHIBIT 8**

### **Narrative Description of Project**

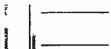
Applicant proposes to develop a vacant lot and 1 dilapidated vacant single family home to construct and operate a 102 unit multi-family residential property. The property shall include (12) studio units, (59) one bedroom units and (31) two bedroom units along with (97) garage parking spots. The existing structures will be demolished.

# **EXHIBIT 9**

### Site Plan as Approved by Planning Board

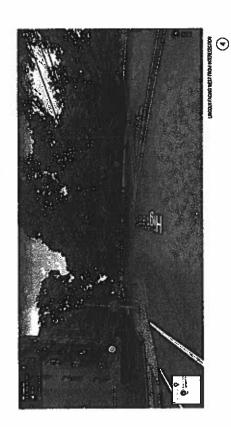
Please see attached.

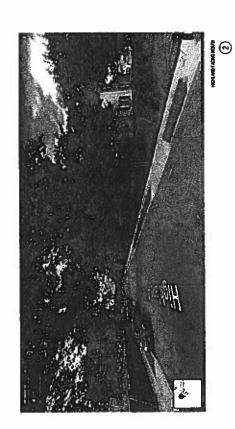
#### PROPOSED FIEW 6-STORY MULTIFAMILY BURDING W/GROLND FLOOR PARIQUE 407-415 HIGHLAND AYSNUE 10 NCK 4967-1015 16 & 17 House And the Address of the Address 11. BOTTONIC MICHOLOGO ET BOTTONIC PROJECT DIRECTOR or a catagonar yang or catagon APPROVAL BLOCK 20-25 Control of the DRAWING LIST STATE HONDON TO STATE OF STATE Cat r - 250\* 490 PROJECT INFORMATION Q ---Si ... 461 161 161 A COLOR OF THE PARTY OF THE PAR 19. TAX MAP (SHEETS 49) A PROPERTY AND A PROPERTY AND ADDRESS OF THE PARTY AND ADDRESS OF THE P ZONING ANALYSIS ROME SURGEN - HORARD REFERENCE STATEMENT OF THE STATEMENT . Highland Ave Construction and section of the sect SATELLITE MAP +-= PRELIMINARY AND FINAL SITE PLAN SUBMISSION PROPOSED NEW 5 STORY MULTI-FAMILY BUILDING WASROWN FLOOR PARGUE BLOCK 4902 LOTS: 16 & 17 ORANGE, ESSEX COUNTY, NJ ac, 40300 AMENITIES AND BIKE ROOM BUILDING RENDERING PROJECT MARRATIVE TRASH COLLECTION KEY MAP

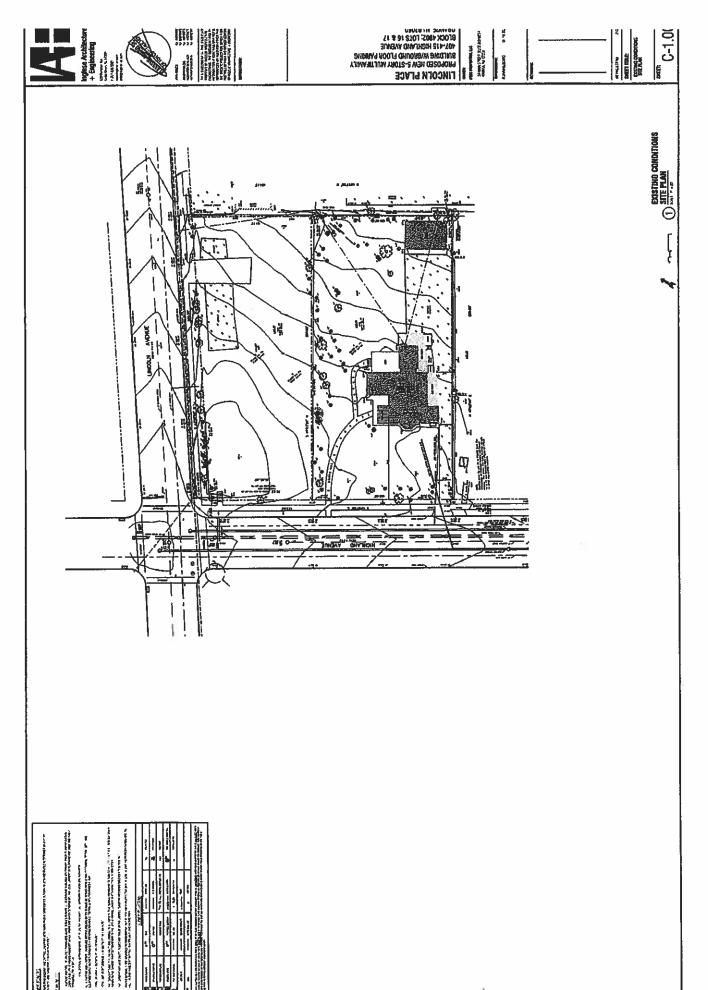




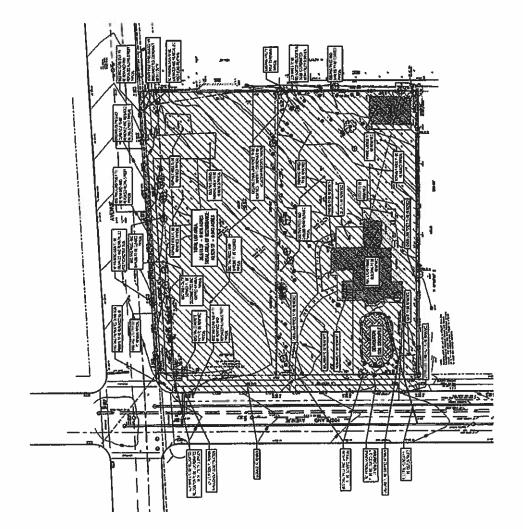










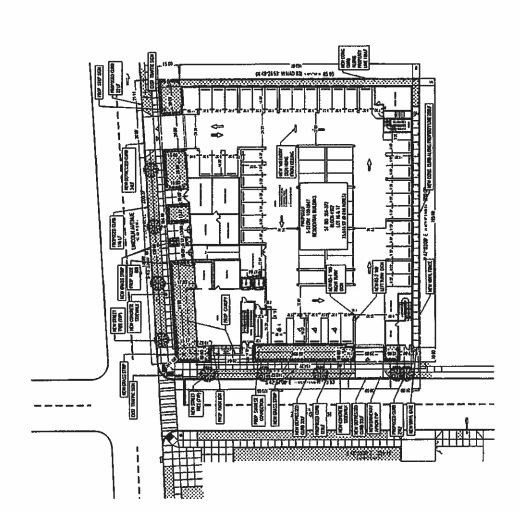


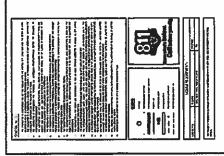






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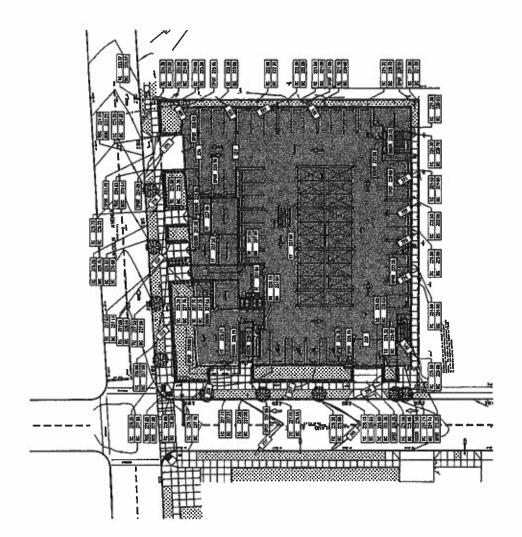




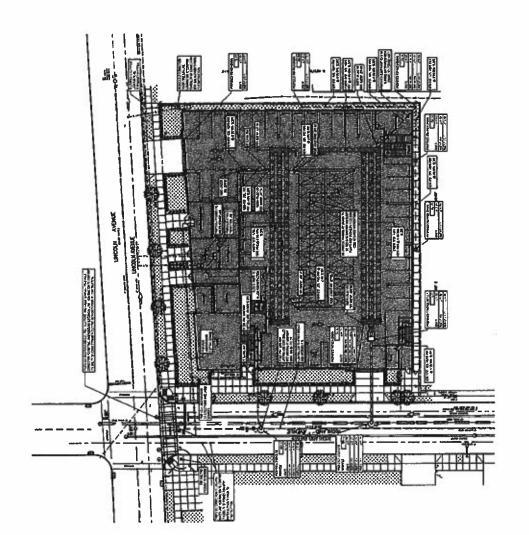
Indicate Analysis of Control of C

(1) GRADING SITE PLAN



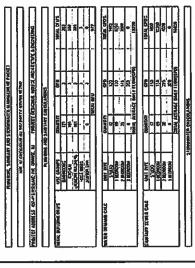


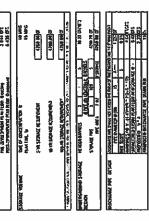
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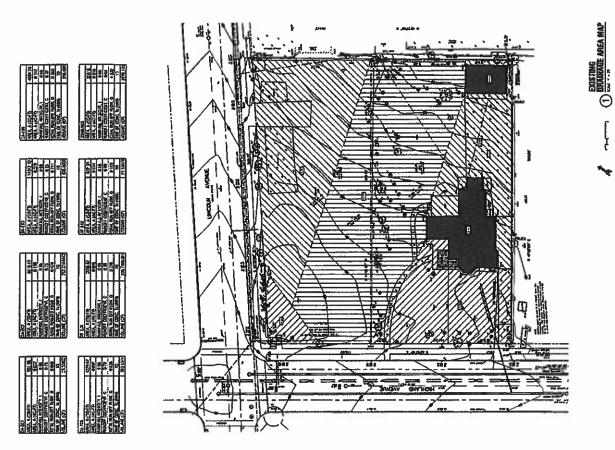


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SITE PLAN

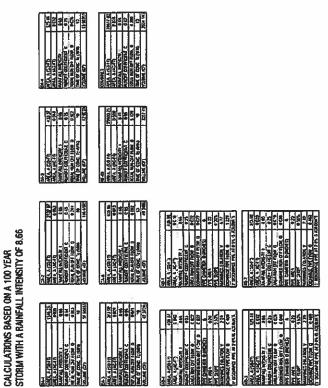
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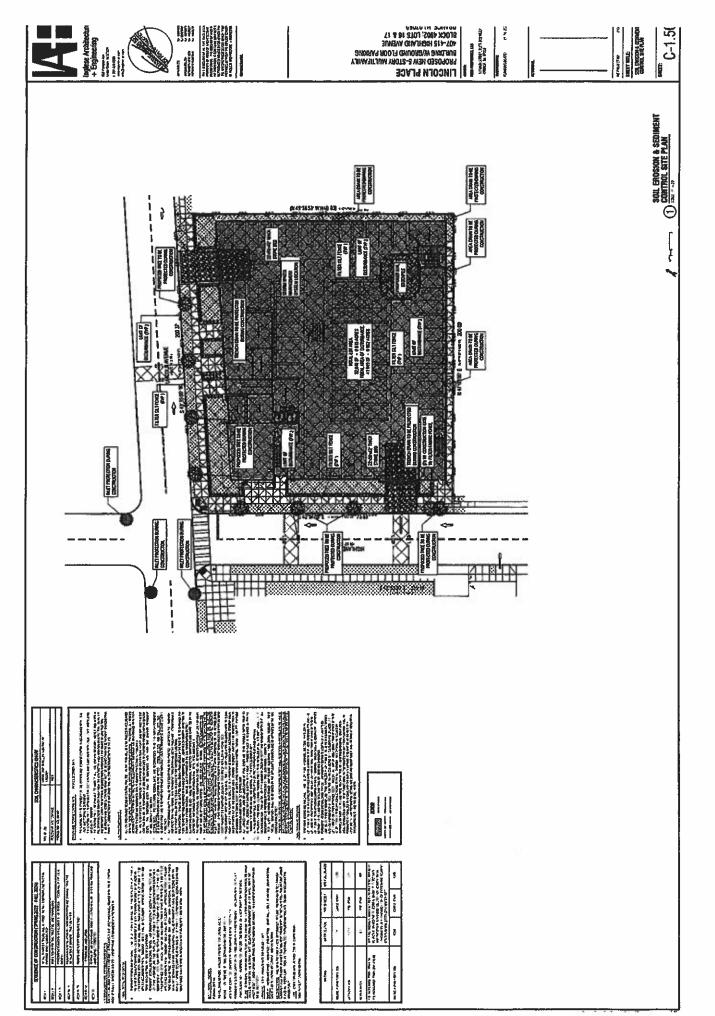
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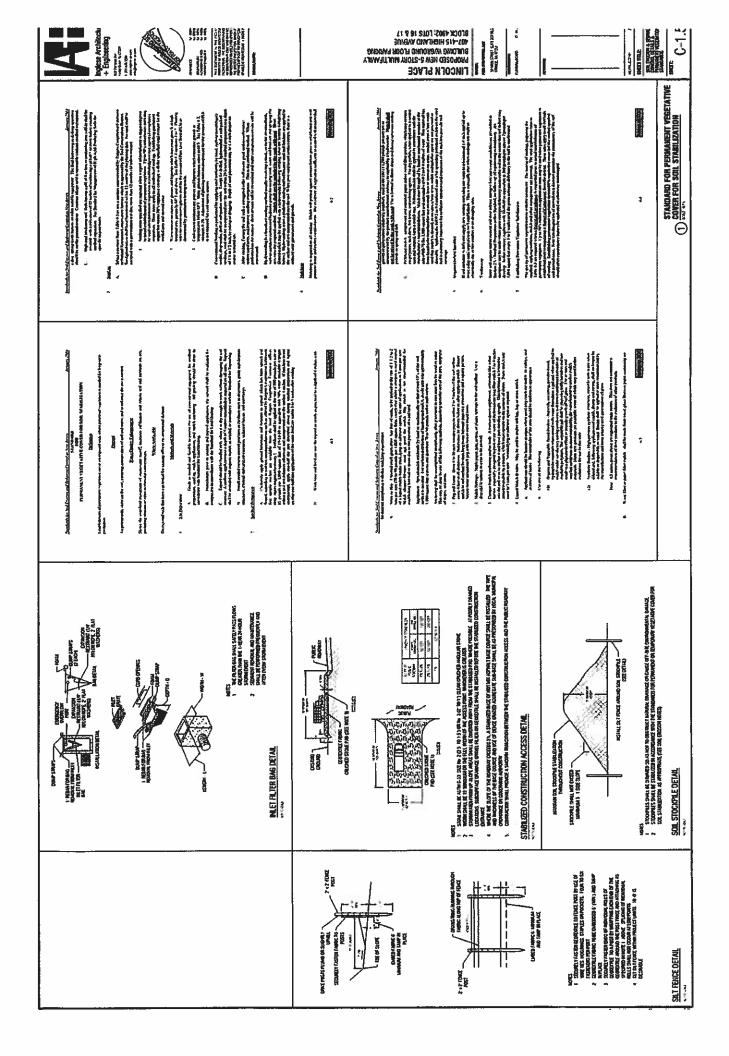


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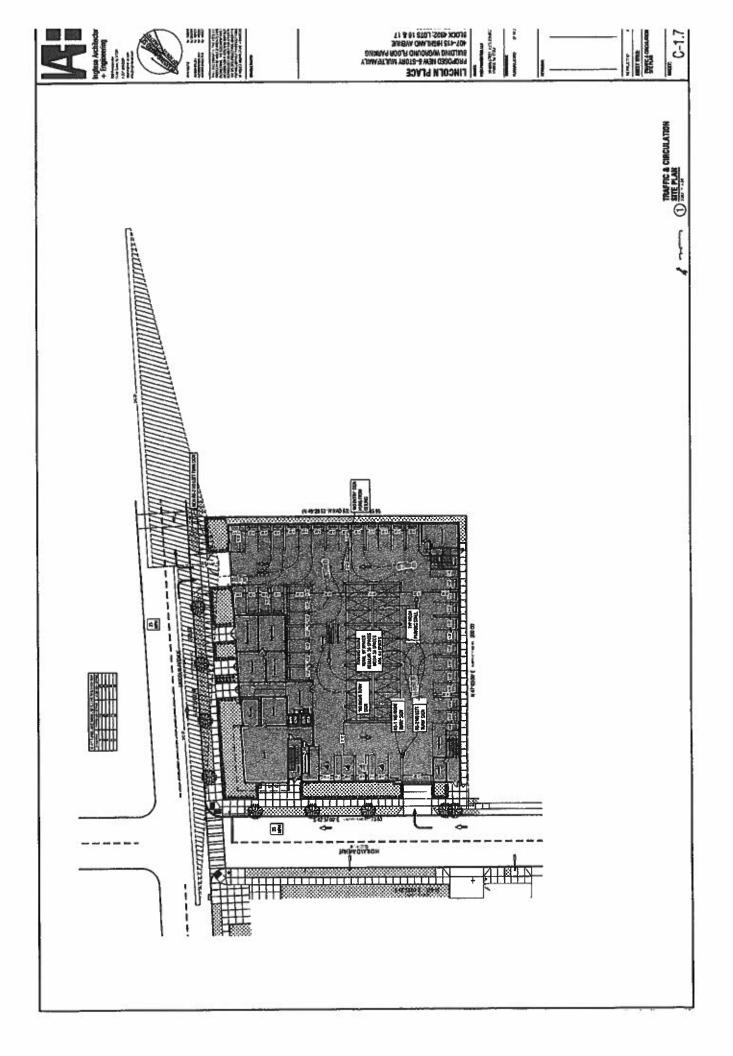


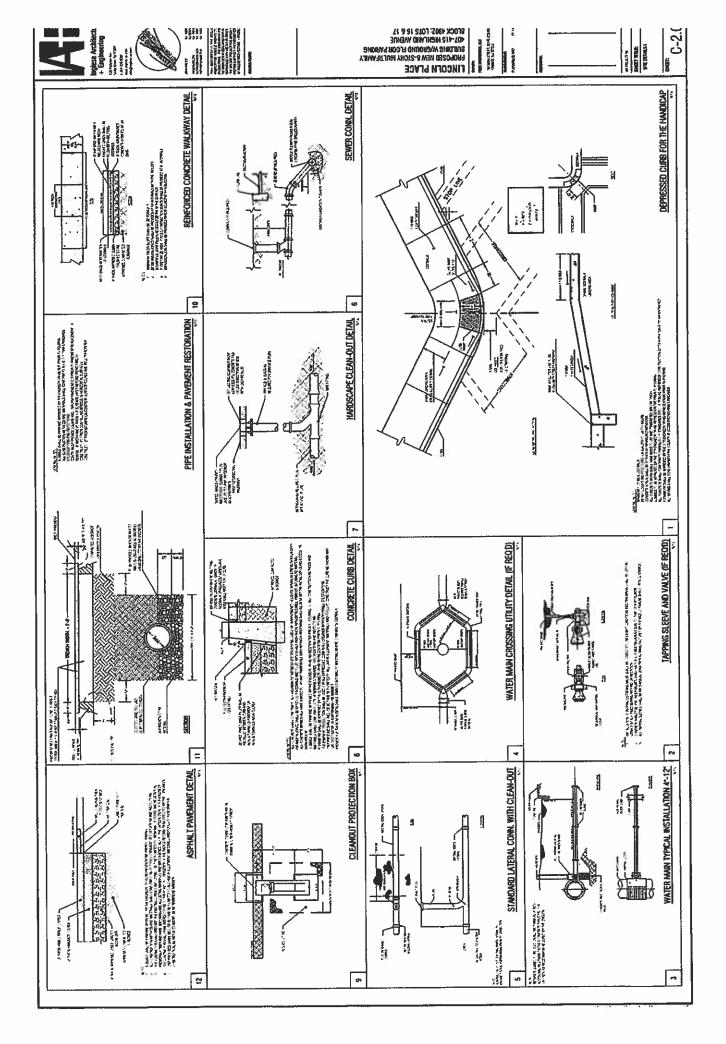


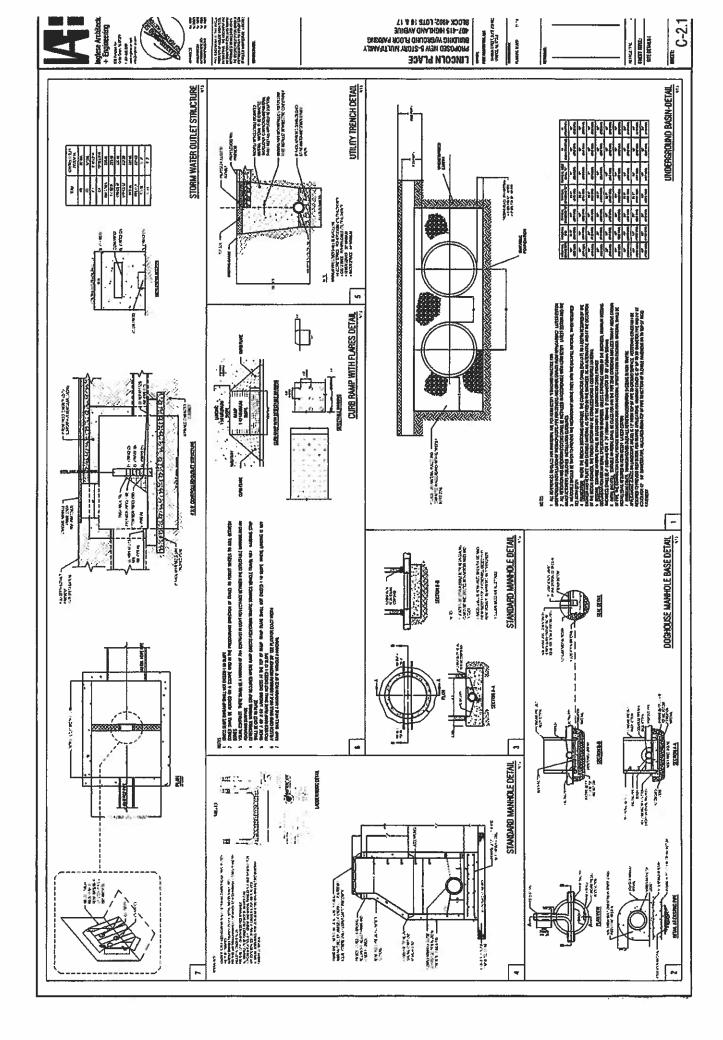


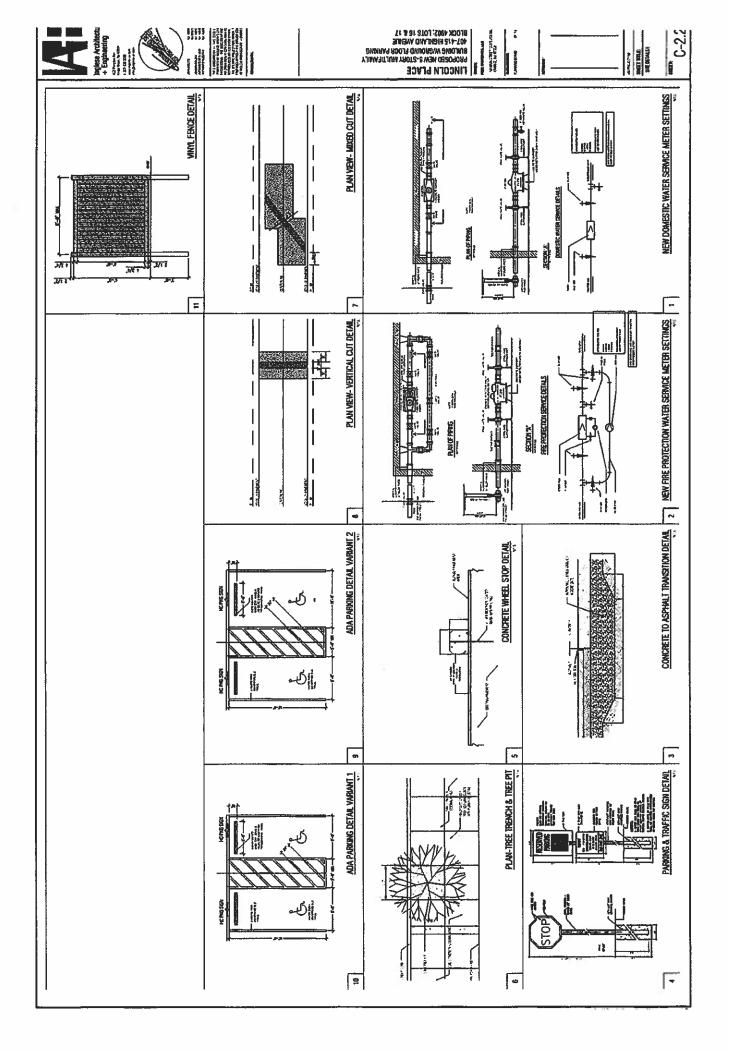
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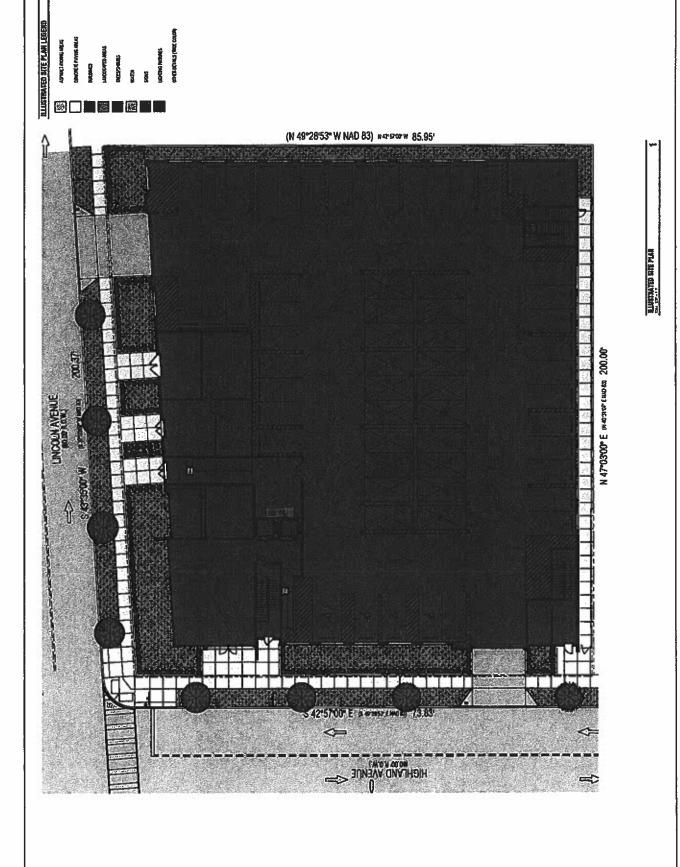








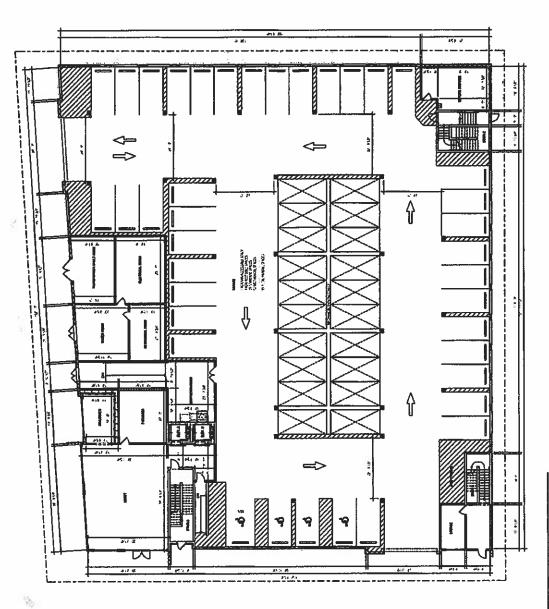




E LINCOLN PLACE

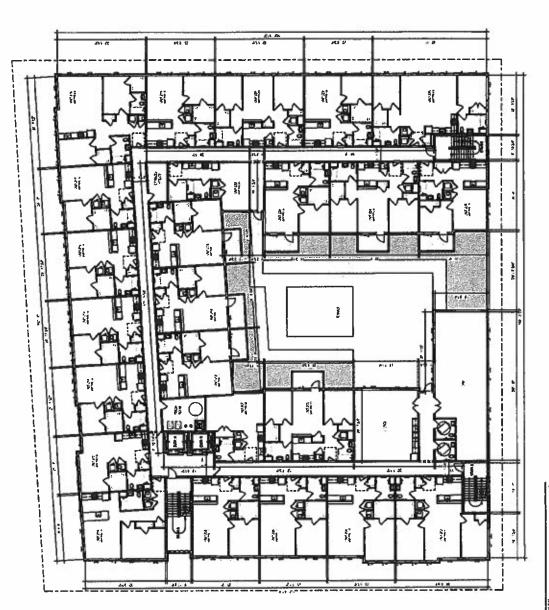
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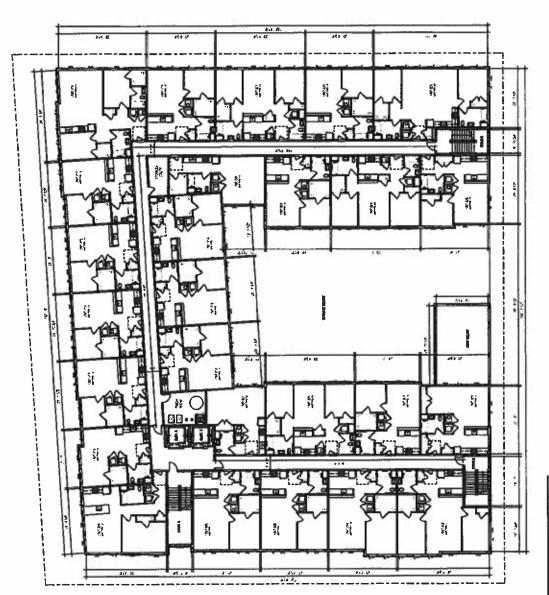


CHOWIN FLOOR PLAN



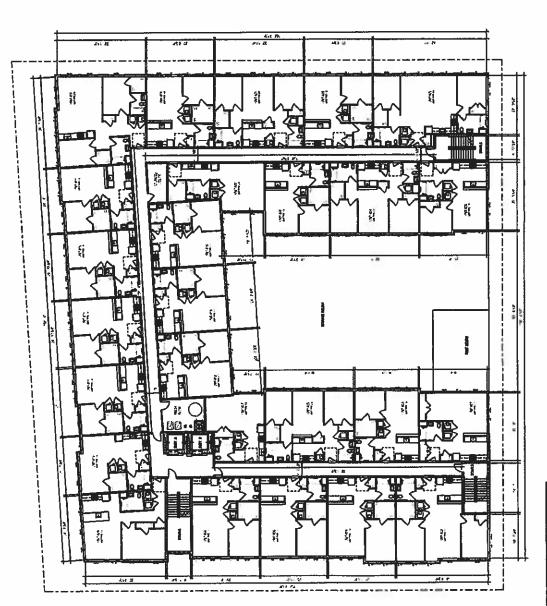


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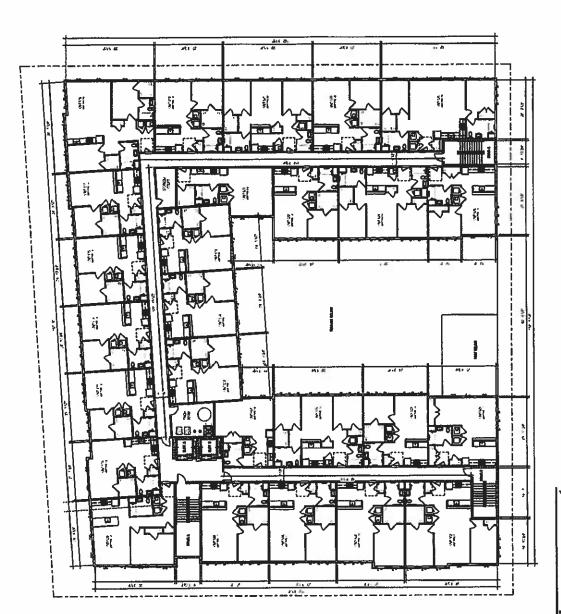
TREED FLOOR PLAN





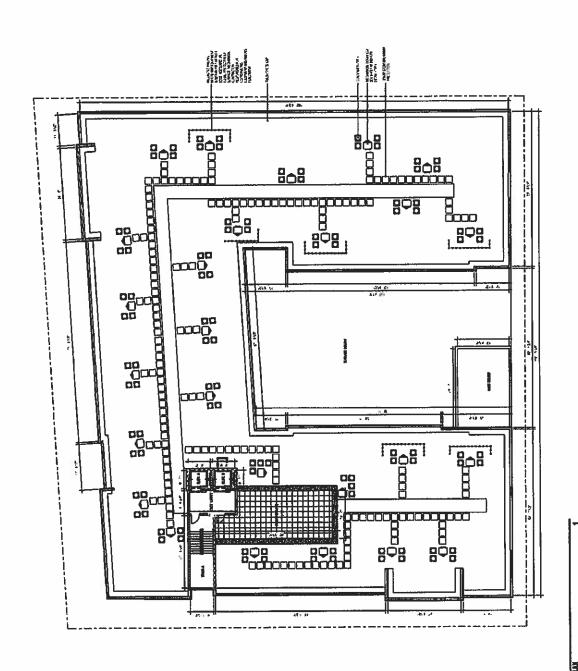
FOURTH FLOOR PLAN

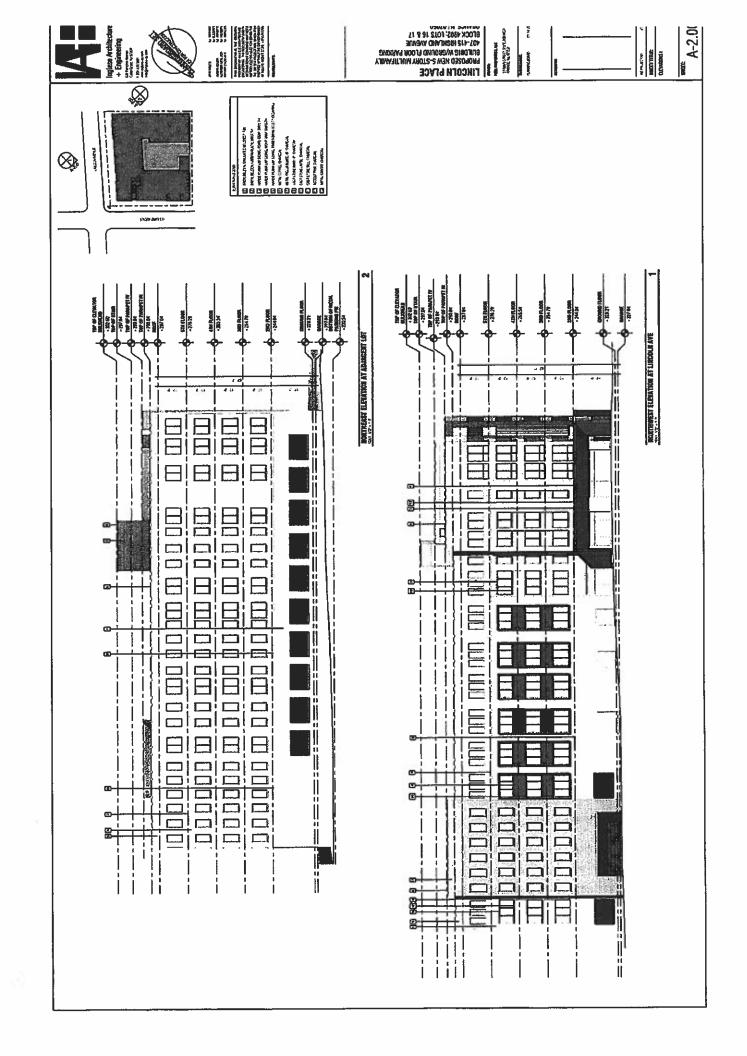


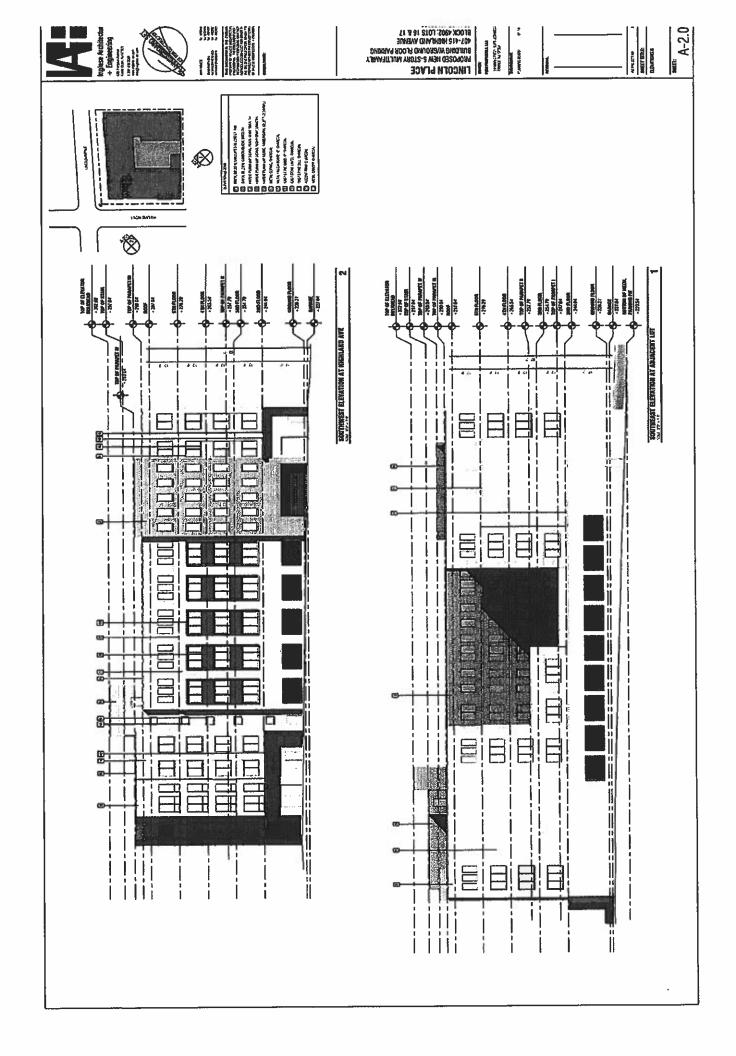


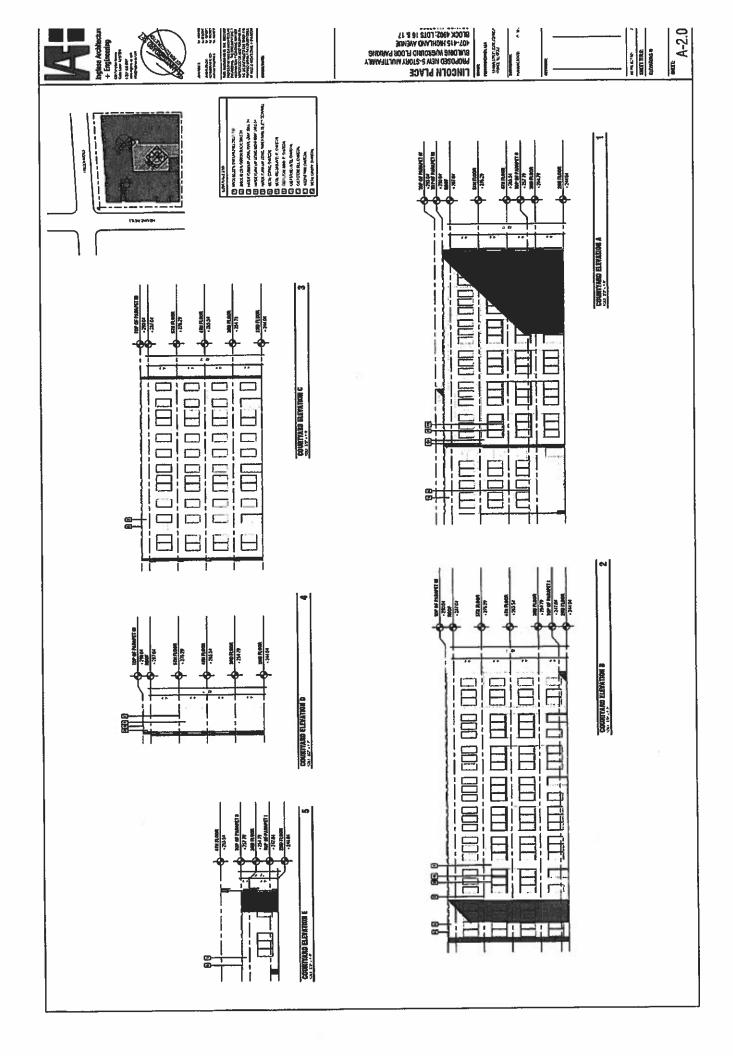
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# EXHIBIT 10

## **Site Plan Approval Resolution**

**In Process** 

### **EXHIBIT 11**

### **Total Project Cost Estimate**

The estimated Total Project Cost is approximately \$30,781,676 as set forth in the Pro Forma calculations annexed as Exhibit 13.

See attached Hard Cost summary.



January 25, 2022

PEEK Highland II Owner Urban Renewal, LLC 59 Main Street, Suite 203 West Orange, NJ 07052

Re:

Construction Cost Estimate Highland II (AKA Lincoln Place) Redevelopment Block 4902, Lots 16,17

Orange, NJ

To Whom it May Concern,

We have reviewed the attached construction cost estimate prepared and find the content to adequately represents current market values for construction.

Sincerely,

Anthony D'Agosta III, AIA, NCARB

**Associate Partner** 

6/8/2022

Confidential

# PEEK Highland II QOF Hard Costs

PEEK PROPERTIES

Per Sq Ft		\$119.28	\$27.16	\$6.78	\$6.01	51.21	\$7.96	\$10.88	\$12.55	\$191.81	\$180.94		\$77.89	\$19.67	\$18.97	\$2.75	\$119.28
Description		Residential Floors	Parking Structure & Concrete	Services & General Conditions	Sile Work & Custom Work	Demolition	General Contractor Fee	Automated Parking System	Confingency		Less Parking System;		Interior	Exterior:	Apartments:	Common Area:	
Amount		\$14,313,350	\$3,258,500	\$813,000	\$720,650	\$145,000	\$955,275	\$1,305,000	\$1,505,754 Confingency	\$23,016,529							
<b>BATHROOMS</b>	12	0	88	0	62	0	133			0,00% Final	0.00% Quoted	99.95% Estimated					
COUNT	12	0	8	0	હ	0	102										
BEDROCHS	Shudho	Studio W/Den	1 Bed	1 Bed W/Den	2 Bed	3 Bed											
GROSS SO FT	rs.	22,870 SF	22,870 SF	22,870 SF	22.870 SF	91,480 SF		28,515 SF		119,985 SF							
UNITS	0	82	82	92	24	102				Gross Sq Pt.							
FLOORS	9	40	4	60	2			-									

EUILDING PASK	Haran.	CNIVER	DRIVER ESTINATE	20176	5		20:	
Residential Floors			\$14,414,150 \$14,313,350	\$14,313,350				
Interior								
Lumber	\$6.25	91,480 SF	\$571,750	\$571,000	\$4.76	Estmaled	ı	
Panels	\$11.00	91,480 SF	\$1,006,280	\$1,000,000	\$8.33	Esimaled	ı	
Trusses	\$6 00	91,480 SF	\$548,880	\$550,000	\$4.58	Estimated	ı	
ATS System	\$0.15	91,480 SF	\$13,722	\$14,000	\$0.12	Estmated	Į	
Brackets and Anchors for Timber System	\$0.33	91,480 SF	\$30,188	\$30,000	\$0,25	Estimated	1	
Framer Labor	SS 00	91,480 SF	\$457,400	\$457,000	\$3.81	Estimated	1	
Ught Guage Metal Framing	\$15.00	3,431 SF	\$51,458	\$51,500	\$0.43	Estimated	1	
Plumbing (Rough and Finals)	\$12.00	119,995	\$1,438,940	\$1,450,000	\$12.08	Estimated	ı	
HVAC (Rough and Finals) - Apartment	\$14,000 00	102	\$1,428,000	\$1,428,000	\$11.90	Estimated	ŧ	
HVAC (Rough and Finals) - Common Area	\$2.25	91,480	\$205,830	\$205,000	\$1.71	Estimated	t	
Electric (Rough and Finals)	S14 00	91,480	\$1,280,720	\$1,280,000	\$10.67	Estimated	1	
Surveillance	80.50	91,480	\$45,740	\$45,000	\$0.38	Estimated	ţ	
Fire Alarm	I	ł	1	ì	•	Estimated	1	
Intercom	\$350 00	102	\$35,700	\$35,700	\$0.30	Estimaled	ı	
Area of Refuge Communication	\$10,000 00	-	\$10,000	\$10,000	\$0.08	Estimaled	1	
Generator	\$90,000.00	-	\$90,000	\$90,000	\$0.75	Estimaled	E	
Car Charging Station	\$8,000 00	9	\$48,000	\$48,000	\$0.40	Estimaled	ŀ	
Lighting Package	\$1,600 00	102	\$163,200	\$163,000	\$1.36	Estimaled	ı	
Opporete	\$1.05	91,480	\$96,054	\$96,000	\$0.80	Estmaled	ı	
Insulation and Fire Seat	\$2.50	91,480	\$228,700	\$230,000	\$1.92	Estenated	ı	
Interior Stair Rails & Roof Rails	\$6,500 00	ო	\$19,500	\$20,000		Estimaled	ı	
Interfor Wooden Stairs	\$5,000,00	t,	\$15,000	\$15,000	\$0.13	Estimated	ı	
Steel (Lintels, Relleving Angle, Hotst Beam, Beams, Grille, etc.,	\$1 60	91,480 SF	\$146,368	\$146,000	\$1.22	Estimated	I	
Steel Stairs	\$28,250.00	ო	\$84,750	\$84,750	\$0.71	Estimated	ŀ	

PEEK PROPERTIES

Sheefrack	56 40	91,480 SF	\$585,472	8585,000	\$7.88 \$7.88	Estamaled	ı
Elevator	\$150,000,00	7	2300,000	\$300,000	\$2.50	Eslimated	ı
Elevator Misc Charges	\$15,000.00	2	\$30,000	230,000	\$0.25	Estimated	1
Trash Chute/Compactor	\$40,000.00	-	\$40,000	\$40,000	\$0.33	Estamated	F
Fire Sprinkler	\$3,10	119,995	\$371,985	\$372,000	\$3.10	Estunated	ı
Exterior							
Brick Material	\$5.00	25,257 SF	\$126,285	\$126,000	S1.05	Estimated	ı
Brick Labor/Remaining Material	\$19.00	25.257 SF	\$479,883	\$480,000	<b>3</b>	Estimated	1
Brick Scaffolding	S2 00	25,257 SF	\$50,514	\$50,000	50.42	Estimated	ı
Cast Stone - Band	837.50	595 LF	\$22,313	\$22,000	SC 18	Estimated	1
Cast Stone - Lintel	537 50	579 LF	\$21,713	\$22,000	\$0.18	Estimated	ı
Cast Slone - Sil	\$37.50	579 LF	\$21,713	\$22,000	\$0.18	Estimated	1
Cast Stone - Installation	236.00	1,753 SF	\$63,108	\$63,000	\$0.53	Estimated	1
Fibor Cement Baord	\$18.00	16.542 SF	\$297,756	\$300,000	\$2.50	Estimated	1
Metal Coping - Roof	223 00	1.091 LF	\$25,093	\$25,000	\$0.21	Eslimated	1
Accent Trim - Around Windows	\$35.00	3.019 LF	\$105,665	\$105,000	\$0.88	Eslimated	ı
Blueskin	\$2.85	49,415 SF	\$140,833	\$140,000	\$1.17	Estimated	1
Windows	\$33 00	10,829 SF	\$357,357	\$357,000	\$2.98	Estimated	1
Lobby Front / Glass	\$115.00	784 SF	290,160	590,160	\$0.75	Estimated	1
Landscaping - Building	\$20,000,00	-	\$20,000	\$20,000	\$0.17	Estimated	ı
Landscaping - Ingation System	\$15,000,00	•	\$15,000	\$15,000	50.13	Estimated	ı
Landscaping - Park (RAB)	\$100,000.00	-	\$100,000	8		Estimated	ı
Batcorry Railings	\$25,000 00	-	\$25,000	\$25,000	\$0.21	Esimated	1
Car Pit Pump Access Door	84.000 00	2	\$8,000	S8,000	20.07	Estimaled	
Canopy - Entrance	\$20,000,00	2	\$40,000	\$40,000	80,33	Estmaled	į
Fending - Permaneni	\$134 00	372 LF	\$49,848	\$50,000	\$0.42	Esumated	i
Roofing	\$14.00	28,515	\$389,210	\$400,000	83,33	Eshmated	ı
Apartments							
All Metal and Wooden Doors W Hardware	\$4 00	91,480 SF	\$365,920	\$365,000	\$3.02	Estimated	1
Trám Supply	\$1.00	91,480 SF	\$91,480	292.000	20.77	Eslimated	PEEK
Door and Trim Installation	\$810.00	102	\$82,620	\$82,000	\$0.68	Estimated	ı
Kitchen Cabinets	\$2,500.00	102	\$255,000	\$255,000	\$2.13	Estimated	i
KRchen Installation	\$289 00	102	\$60,078	280,000	\$0.50	Estimated	1
Kitchen Countertops	\$1,114 00	<b>102</b>	\$113,628	\$113,000	80.95	Estimated	1
Sinks	\$103.00	202	\$10,506	\$10,500	<b>20</b> .09	Estimated	ı
Vantiles	S272 00	<u> </u>	\$36,176	236,000	8	Estimated	ı
Vanity Installation	\$132.00	<u> </u>	\$17,556	217,500	SO. 15	Estunated	1
Vanity Countertops	2355 00	133	\$47,215	\$47.000	8	Estimated	ı
ADA Steeves	\$115.00	133	\$15,295	\$15,000	SO.13	Estunated	1
Sinks	\$130.00	133	\$17,290	\$17,000	\$0.14	Estanated	ı
Appliances	\$3,250,00	102	\$331,500	\$331,500	\$2.78	Estimated	1
Ceramic Material	82,83	23,320	\$75,370	\$75,000	\$0.63	Esturated	PEEK
Ceramic Installation	\$7.00	23,320	\$163,240	\$163,000	\$1.36	Eshmaled	1
Ceramic Sealing	\$300,00	102	\$30,600	\$30,600	\$0.26	Estimaled	
Mirrors Supply and install	\$110.00	133	\$14,630	\$15,000	\$0.13	Estimaled	ı
Shelving Supply and Installation	2220.00	102	\$22,440	\$22,440	\$0.19	Estimated	1
Bathroom Accessories - Supply and Installation	\$100.00	133	\$13,300	\$13,300	50.1	Estimated	1
Blinds	820.00	581	\$40,670	\$40,000	\$0.33	Estimated	ı
Paint	\$2.50	91,480	\$228,700	\$228,000	\$1.90	Estimated	ı

6/8/2022 Confidential

6/8/2022

Confidential

# PEEK Highland II QOF Hard Costs

PEEK PROPERTIES

9	e: 76	49 610	6120 ORB	6130,000	64.90	Cetmodod	DCCV
LVF FIGURE	61,73	010'00	3120,000	\$120,000	3.5	E SUITINGED	
LVP From Instantion	C0,16	010,00	\$76,0216	3127,000	9.18	E sumateo	
COTHENS AIGH							
Carpet Common Area Supply	<b>3.</b> 00	10,978	\$43,910	\$44,000	\$0.37	Estimated	PEEK
Carpet Common Area Installation	\$2.00	10,978	\$21,955	\$22,000	\$0.18	Estimated	PEEK
Lobby Floors	\$2.00	200	\$1,000	\$1,000	\$0,01	Estimated	PEEK
Lobby Floor Installation	\$1.50	200	\$750	8750	\$0.01	Estimated	PEEK
Lounge Floors	\$2.00	006	\$1,800	\$1,800	\$0.02	Estimated	PEEK
Lounge Floor Installation	\$1.50	008	\$1,350	\$1,350	\$0.01	Estimated	PEEK
Gym Floor	84.00	750	\$3,000	\$3,000	\$0.03	Estimated	PEEK
Gym Floor Installation	\$2.00	750	\$1,500	\$1,500	\$0.01	Estampled	PEEK
Filness Center	\$40,000	-	\$40,000	\$40,000	\$0.33	Estmated	PEEK
Lounge	\$50,000	-	\$50,000	\$50,000	\$0.42	Estmated	PEEK
Terrace	\$20,000	-	\$20,000	\$20,000	\$0.17	Estimated	PEEK
Roof Deck	850,000	-	\$50,000	\$50,000	\$0.42	Eslimated	PEEK
Malbox and Installation	\$25,000	-	\$25,000	\$25,000	\$0.21	Estimated	PEEK
Package Defivery System	\$25.000	-	\$25,000	\$25,000	\$0.21	Estimated	PEEK
Interior & Exterior Signs	80 33	119,985	\$39,598	\$40,000	\$0.33	Estimaled	PEEK
Fire Extinguishers	\$5,000	-	\$5,000	\$5,000	\$0.04	Estimated	PEEK
Parking Structure & Concrete			\$3,304,004	\$3,258,500			
Concrete incl Form work, Pump Truck and Sand	80 00	ŀ	8	8		Estimated	1
Preconstruction	80.00	51,385	8	8		Estmated	i
Footings, Elevator Pit, Walts, Columns Pad	\$40.00	28,515	\$1,140,600	\$1,140,000		Estimated	ı
Mechanical Parking Corxrete Pit	20 00	1,192	\$0	S		Estimated	ı
Concrete Slab on Grade 5"	\$10.00	28,515	\$285,150	\$285,000		Estimated	i
Concrete Beams and Slab 2n	\$40 00	28,515	\$1,140,600	\$1,140,000		Estimated	1
Concrete Beams and Slab 3rd Floor 9" / 16"	80.00	22,870	8	80		Estimated	ı
Concrete Fit Metail Stairs	\$9,000	ი	\$27,000	\$27.000		Estimated	1
CMU Work	\$15.00	32,466 SF	\$486,990	\$486,000		Estimaled	ŀ
Engineering Inspections	\$25,000	-	\$25,000	\$25,000		Estimated	ı
Waterproofing - Foundation & foundation wati	\$1 56	51,385	\$50,161	\$80,000		Estimated	1
Concrete Wash Out	\$30,000	-	\$30,000	\$30,000		Estimated	1
Связда Осол	\$40,000	7	\$80,000	\$40,000		Estimaled	1
Wheelstops including Installation	\$5,500	-	\$5,500	\$5.500		Estmated	ı
Services & General Conditions			\$712,828	\$\$13,000			
Final Clean	\$25 000	-	\$25,000	\$50,000		Estimated	ı
Job Clean-up/ Labor	850,000	-	\$50,000	\$75,000		Esimated	i
Propane	\$10,000	-	\$10,000	\$10,000		Estimated	ł
Utilities During Construction	\$20,000	-	\$20,000	\$20,000		Estimated	1
Dumpsters	\$50,000	-	\$50,000	\$75,000		Estenaled	1
Lift General	\$25,000	-	\$25,000	\$25,000		Estampled	1
Lift Cemenet Board	\$40,000	-	\$40,000	\$40,000		Estimaled	ı
Lift Cast Stone	\$20,000	-	\$20,000	\$20,000		Estimated	ı
Lift Weterproofing	\$20,000	-	\$20,000	\$20,000		Estimated	ı
Security Carneras	8300	113	\$33,943	\$34,000		Estimated	1
Trailer / Porte John	\$625	29	\$16,417	\$24,000		Estimated	ı
Required Staffing	\$22,359	<b>5</b>	\$420,469	\$420,000		Estimated	ı

PEEK PROPERTIES

Site Work & Custom Work			\$721,645	\$720,650		
Site Work						
Site Demo and Prepenation	51	28,515	\$34.218	\$34,000	Esturated	I
Soil Erosion	S0.44	28,515	\$12,547	\$12,500		
Earth Work	\$10.00	28,515	\$285,150	\$285,000	Estimated	I
Storm Drainage	30 0S	28,515	\$17,109	\$17,000	Estimated	I
Foundation Drainage	\$1.50	28,515	\$42,773	\$42,000	Eslimated	1
Defention Basin	8.8	28,515	\$114,060	\$115,000	Estimated	1
Sanitary Sewer	50 75	28,515	\$21,386	\$21,000	Estimated	ı
Water Connection	\$1.70	28,515	\$48,476	\$48,000	Estimated	1
Trenching for Electric & Cable	\$0.15	28,515	54,277	\$4,500	Estmafed	ŧ
Pavement	20 00	28,515	8	\$0	Estanated	I
Concrete Sidewalks	\$25.00	4.266 SF	\$106,650	\$106,650	Estimated	١
Site inspections Site Wark	\$35,000	-	\$35,000	\$35.000	Estimated	I
Shoring / Underplinding	ន	-	8	S		
Shoring / Underplaning inspections	80	-	<b>\$</b>	8		
Demolition			\$135,000	\$145,000		
Demofilion Including Tree Removal			\$75,000	\$75,000	Estimated	I
Asbestors Removal			\$50,000	\$50,000	Estimated	I
Fence			\$10,000	\$20,000	Estimated	1
General Contractor Fee	%00 9		\$958,482	\$955,275	Estmated	ŧ
Automated Parking System	\$22,500 00	83	\$1,305,000	\$1,305,000	Estimaled	1
Contingency	7.00%		\$1,509,768	\$1,505,754	Estimated	I
Total Cost to Build			\$23,077,883 \$23,016,529	\$23,016,529		

Jeschphon		್ರ ವಿಚಿತ್ರಗಳ				
Backsplash	20	2,040	85.00	\$10,200.00	S7 00	\$14,280.00
Bathroom Wall	100	13,300	\$2.80		S7 00	
Bathroom Floor	09	7,980	\$3 50	-	\$7.00	
		23,320	\$3.23	\$75,370.00	\$7.00	\$163,240.00
VP FLOORS	Rato	Square Ft	Price	Total	Priori	leto] [cto]
Apartment LVP	75 0%	68,610	\$1.75	\$120,067.50	\$1.85	\$126,928.50
Lobby LVP		200	82.00	\$1,000.00	\$1.50	\$1.50 \$750,00
Lounge LVP		900	\$2.00	\$1,800.00	\$1.50	\$1,350.00
	ļ	30.040	1	ŀ		1000

CARPET/GYM

Confidential

PEEK PROPERTIES

		3	200	22.00	45.00.10
6ym	750	8.00	\$3,000.00	S2 00	\$1,500,00
	11,728	\$4.00	\$46,910.40	\$2.00	\$23,455.20
STAIRS Description	Square Ft	Price	Total	Pho	Total
Treads	82	\$25.00	\$5,700.00	\$25.00	\$5,700.00

# APPLIANCES

Description	Model	Quantity	Sranz	Sycal	Price	Total
		ş	Ç	i		20 000
Keingeralor	GIN16GNHSS	3	5	Clarificss	2000	402,000
Gas Range, 30"	JGB660SEJSS	86	병	Stamless/Blk	2805	\$58,895
Over-the-Range Microwave	JVM3160RFSS	8	넁	Stainless/Blk	\$195	\$19,305
Disthiyasher, 4 Cycles, 24"	GDF530PSMSS	8	쎯	Stanless	S395	\$39,105
Washer/Gas Dryer Combo	GUD27GSSMWW	8	띯	White	\$1,015	\$100,485
						\$282,845

S2 855	
Per	
Price	

Total	.363 2,907 60,512 0	,363 MRBERBRENHARMERRENHERERE 60,512	68 ####################################	1,431 <b>sensionementalismentalisme</b> 63,537 5.00% 5.00% 100.00%
Glass Trim	1,163	1,163	88	1,221 1, 2 00% 5
Windows G	8,722	8,722	436	9,158
Basc	1,744	1,744	87	1,832
ptal Accent	۵	0	0	. 00 9
Piber Cement, Metal Accont	27.356	27,356	1,368	28,724
Brick Fit	17.256	17,256	863	18,119 46 00%
				\$ 00%
	678	908 (	58,146	Overage:
EXTERIOR MATERIAL	Outside Unear Feet Heldh	Inside Linear Feet	Height Total	O

	4 Stalls	5 Stalls	6 Stalls	7 Stalls	8 Stalls	9 Staifs
Depth (inches)	15,840	15,840	15,840	15,840	15,840	15,840
Width (inches)	31,104	38,880	46,656	54.432	62,208	69,984
Total Area (arches)	93,888	109.440	124.992	140.544	156.096	171.648

6/8/2022

Confidential

PEEK PROPERTIES

Total Area (Feet)		652	260	868	976	1,084	1,192
CMU CALCULATION	Frst Flagr		Stair 1	Stair 2	Elevator 1 Elevator 2	Elevator 2	Tota!
Drive in Linear Feet Number of Floors Total Linear Feet		18,000	540 6 3,240	540 6 3,240	360 6 2,160	360 6 2.160	28,800
Linear Feet Height	1,000						

Gross Up %: 11%

11.00% Gross Up

General Conditions - Head Count

Titte		Payroll	Gross Up	Weskly Hr	Monthly Hr	Monthly Cost Annual Cost	Annual Cost
Project Exacutive	s)	300,000	300,000 \$ 300,000	2	8	\$1,250	\$15,000
Senior Project Manager	49	200,000	\$ 200,000	5	22	\$2,083	\$25,000
Super Intendent	. 57	85,000	\$ 85,000	40	173	\$7,083	\$85,000
Super Intendent - Overtime	69	13,000	\$ 13,000	40	173	\$1,083	\$13,000
Assistant Project Manager	67	70,000	\$ 70,000	20	87	22,917	\$35,000
Assistant Super Intendent	55	60,000	000'09 \$	01	173	\$5,000	\$80,000
Estimator	9	160,000   \$	\$ 160,000	9	26	\$2,000	\$24,000
Project Accountant	S	100,000	100,000   \$ 100,000	2.5	11	\$521	\$6,250
Bookseper	s	\$ 000'59	\$ 65,000	10.5	46	\$1,422	\$17,063

\$23,359 \$280,313

### **Cost Estimate for Each Unit Type**

Please see those figures as set forth in the Pro Forma calculations annexed as Exhibit 13.

# **EXHIBIT 13**Project Pro-Forma

Please see attached.

9	Studio	SUMPTION 1 Bed		Total/Avg
Total Rental Units:	12	59	31	102
Avg. Monthly Rent / Unit	\$1,593	\$1,802	\$2,260	\$1,917
Target Sq. Ft. / Unit	587	678	929	744
Average Rent PSF per annum	\$32.57	\$31.89	\$29.19	\$31.15
Average Rent PSF per month	\$2.71	\$2.66	\$2.43	\$2.60
	Automated	Garage	Surface	Total
Total Parking Units:	58	39	0	97
Avg. Monthly Charge / Space	<b>\$125</b>	\$125	\$100	\$125
á	Net	Gross	Efficiency	Loss Factor
Total Sq. Ft.	75,845	119,995	63%	37%

PRO FORMA NOI		
Gross Potential Rent	\$2,345,928	
Gross Potential Parking	\$145,500	5.0% Rents
Less: Vacancy	(\$131,846)	10.0% Parking
Stabilized Income	\$2,359,582	
Annual Service Charge	\$70,787	3.00% % of Stabilized Income
Operating Expenses		
Property Insurance	\$61,200	
Gas &Electric	\$20,400	Expense Margin
Water and Sewer	\$12,750	Including
Management Fee	\$95,243	Annual Service Charge
Repairs and Maintenance	\$47,621	19.3%
Super/Porter	\$68,424	
Contract Services	\$15,000	
Parking System	\$15,950	
Other	\$15,000	
RAB/Service Payment	\$17,016	
Turnover Reserve	\$15,300	
Stabilized Expenses	\$383,904	
Stabilized NOI	\$1,904,890	
Total Capitalization	\$30,781,676	
Stabilized NOI	\$1,904,890	
Yield on Cost	6.19%	

CAPITALIZATION				
USES OF FUNDS	Total	Per Unit	% Total	PSF
Total Land Costs	\$1,820,000	\$17,843	5.9%	\$15.17
Hard Costs + Contingency	\$23,016,529	\$225,652	74.8%	\$191.81
Soft Costs & Carry	\$2,243,769	\$21,998	7.3%	\$18.70
Interest Reserve	\$1,590,675	\$15,595	5.2%	\$13.26
Financing Costs/Fees	\$2,110,703	\$20,693	6.9%	\$17.59
TOTAL USES	\$30,781,676	\$301,781	100.0%	\$256.52
SOURCES OF FUNDS	Total	Per Unit	% Total	PSF
Debt	\$20,623,723	\$202,193	75.0%	\$171.87
Equity	\$10,157,953	\$99,588	25.0%	\$84.65
TOTAL SOURCES	\$30,781,676	\$301,781	100.0%	\$256.52

FINANCING SUMMARY	
Acquisition / Construction Financing	
Interest Rate	7.00%
% of Total Project Costs Financed	67.00%
Total Construction Loan Amount	\$20,623,723
Annual Payment	\$1,443,661
Monthly Payment	\$120,305
	Labelino roma materialmento e
Total Construction Period Interest (Includes Res	erv \$2,165,491
. 15 mil 15 m I 15 mil 15 m	Mark Control of the Control of
Total Months Construction	18
Total Months Construction Period Interest	18
Total Months Soft Costs	16
Total Months Planning	10
Total Months Leaseup	6
Permanent Financing Upon Stabilization	Application and the particular state of the particular
Interest Rate	5.00%
Stabilized NOI	\$1,904,890
Max Loan to Value (not to exceed)	75.0%
Actual LTV	75.0%
Total Perm Loan Amount - Gross Proceeds	\$23,811,127
Cap Rate for Valuation	6.00%
Value	\$31,748,169
Per unit	\$311,257
PSF	\$914
Commercial Value	
Profit Assuming a Sale at Stabilization	\$966,493
Amortization	30 Years
Loan Constant	6.4%
Annual Payment	\$1,533,879
Quarterly Payment	\$383,470
Annual DSCR at Stabilization	1,24x
Debt Yield at Stabilization	8.00%
Total Construction Financing	\$20,623,723
Less: Sale of Commercial	-
Net Construction Financing	\$20,623,723
Permanent Financing - Net Loan Proceeds	\$23,811,127
Perm Financing Closing Costs	1.00%
Less: Loan Closing Costs	(\$238,111)
Less: Promote (25% Split Above 7% Return)	\$0
Pay down of Construction Loan	\$20,623,723
Net Loan Proceeds	\$2,949,293
Original Equity Investment	\$10,157,953
Cash Investment Remaining Post Perm	\$7,208,660
Cash Flow After Debt Service	\$371,011
Levered Cash on Cash Return	5.1%
MATTER AND IN ALL AND IN 19 PORTER	V. 1 /4

- I	Studio	1 Bed	2 Bed	Total/Avg
Total Rental Units:	12	59	31	102
Avg. Monthly Rent / Unit	\$1,593	\$1,802	\$2,260	\$1,917
Target Sq. Ft. / Unit	587	678	929	744
Average Rent PSF per annun	\$32.57	\$31.89	\$29.19	\$31.15
Average Rent PSF per month	\$2.71	\$2.66	\$2.43	\$2.60
ś	Automated	Garage	Surface	Total
Total Parking Units:	58	39	0	97
Avg. Monthly Charge / Space	<b>\$125</b>	\$125	\$100	\$125
3	Net	Gross	Efficiency	Loss Factor
Total Sq. Ft.	75,845	119,995	63%	37%

PRO FORMA NOI		
Gross Potential Rent	\$2,345,928	
<b>Gross Potential Parking</b>	\$145,500	5.0% Rents
Less: Vacancy	(\$131,846)	10.0% Parking
Stabilized Income	\$2,359,582	
Property Taxes	\$1,086,593	3.53% % of Total Cost
Operating Expenses		
Property Insurance	\$61,200	
Gas &Electric	\$20,400	Expense Margin
Water and Sewer	\$12,750	Including
Management Fee	\$95,243	Annual Service Charge
Repairs and Maintenance	\$47,621	62.3%
Super/Porter	\$68,424	
Contract Services	\$15,000	
Parking System	\$15,950	
Other	\$15,000	
RAB/Service Payment	\$17,016	
Turnover Reserve	\$15,300	
Stabilized Expenses	\$383,904	
Stabilized NOI	\$889,084	
Total Capitalization	\$30,781,676	
Stabilized NOI	\$889,084	
Yield on Cost	2.89%	

CAPITALIZATION				
USES OF FUNDS	Total	Per Unit	% Total	PSF
Total Land Costs	\$1,820,000	\$17,843	5.9%	\$15.17
Hard Costs + Contingency	\$23,016,529	\$225,652	74.8%	\$191.81
Soft Costs & Carry	\$2,243,769	\$21,998	7.3%	\$18.70
Interest Reserve	\$1,590,675	\$15,595	5.2%	\$13.26
Financing Costs/Fees	\$2,110,703	\$20,693	6.9%	\$17.59
TOTAL USES	\$30,781,676	\$301,781	100.0%	\$256.52
SOURCES OF FUNDS	Total	Per Unit	% Total	PSF
Debt	\$20,623,723	\$202,193	75.0%	\$171.87
Equity	\$10,157,953	\$99,588	25.0%	\$84.65
TOTAL SOURCES	\$30,781,676	\$301,781	100.0%	\$256.52

FINANCING SUMMARY Acquisition / Construction Financing	
Acquisition / Collstraction Financing	
Interest Rate	7.00%
% of Total Project Costs Financed	67.00%
Total Construction Loan Amount	\$20,623,723
Annual Payment	\$1,443,661
Monthly Payment	\$120,305
Total Construction Period Interest (includes Re	serv \$2,165,491
Total Months Construction	18
Total Months Construction Period Interest	18
Total Months Soft Costs	16
Total Months Planning	10
Total Months Leaseup	6
Permanent Financing Upon Stabilization	outre (SSP/P ANA)
Interest Rate	<b>5.00%</b> \$889,084
Stabilized NOI	76.0%
Max Loan to Value (not to exceed) Actual LTV	75.0%
Total Perm Loan Amount - Gross Proceeds	\$11,113,555
Cap Rate for Valuation	6.00%
Value	The state of the s
Per unit	\$14,818,074 \$145.275
PSF	\$140,275 \$427
Commercial Value	4-121
Profit Assuming a Sale at Stabilization	(\$15,963,602)
Amortization	30 Years
Loan Constant	6.4%
Annual Payment	\$715,920
Quarterly Payment	\$178,980
Annual DSCR at Stabilization	1.24x
Debt Yield at Stabilization	8.00%
Total Construction Financing	\$20,623,723
Less: Sale of Commercial	- 420,020,120
Net Construction Financing	\$20,623,723
Permanent Financing - Net Loan Proceeds	\$11,113,555
Perm Financing Closing Costs	1.00%
Less: Loan Closing Costs	(\$111,136)
Less: Promote (25% Split Above 7% Return)	\$0
Pay down of Construction Loan	\$20,623,723
Net Loan Proceeds	(\$9,621,303)
Original Equity Investment	\$10,157,953
Cash Investment Remaining Post Perm	\$19,779,256
Cash Flow After Debt Service	\$173,165
Levered Cash on Cash Return	0.9%
	2.01

Year		ojected Rent 1.50% al Rent Increase		Ad Valorem 1.50% nual Increase		OT Payment I Rent Increase		et Difference n Payments	Percent Relationship (PILOT/Ad Valorem)
1	\$	2,359,582	\$	1,086,593	\$	70,787	\$	1,015,806	7%
2	\$	2,394,975	\$	1,102,892	\$	71,849	\$	1,031,043	7%
3	\$	2,430,900	\$	1,119,435	\$	72,927	\$	1,046,508	7%
4	\$	2,467,363	\$	1,136,227	\$	74,021	\$	1,062,206	7%
5	\$	2,504,374	\$	1,153,270	\$	75,131	\$	1,078,139	7%
6	\$	2,541,940	\$	1,170,569	\$	76,258	\$	1,094,311	7%
7		2,580,069	\$	1,188,128	\$	77,402	\$	1,110,726	7%
8	\$ \$	2,618,770	\$	1,205,950	\$	78,563	\$	1,127,387	7%
9	\$	2,658,051	\$	1,224,039	\$	79,742	\$	1,144,298	7%
10	\$	2,697,922	\$	1,242,400	\$	80,938	\$ \$	1,161,462	7%
11		2,738,391	\$	1,261,036	\$	82,152	\$	1,178,884	7%
12	\$ \$ \$	2,779,467	\$	1,279,951	\$	83,384	\$	1,196,567	7%
13	\$	2,821,159	\$	1,299,151	\$	84,635	\$	1,214,516	7%
14	\$	2,863,476	\$	1,318,638	\$	85,904	\$	1,232,734	7%
15		2,906,428	\$	1,338,417	\$	87,193	\$	1,251,225	7%
16	\$ \$	2,950,025		1,358,494	\$	206,502	\$	1,151,992	15%
17	\$	2,994,275	\$ \$	1,378,871		209,599		1,169,272	15%
18	\$	3,039,189	\$	1,399,554	\$ \$	212,743	\$ \$	1,186,811	15%
19	\$	3,084,777	\$	1,420,547	\$	215,934	\$	1,204,613	15%
20	\$	3,131,049	\$	1,441,856	\$	219,173	\$	1,222,682	15%
21	\$	3,178,014	\$	1,463,483		317,801	\$	1,145,682	22%
22	\$	3,225,685	\$	1,485,436	\$ \$ \$	322,568	\$	1,162,867	22%
23	\$	3,274,070	\$	1,507,717	\$	327,407	\$	1,180,310	22%
24	\$	3,323,181	\$	1,530,333	\$	332,318	\$	1,198,015	22%
25	\$	3,373,029	\$	1,553,288	\$	337,303	\$	1,215,985	22%
Total	\$	70,936,157	\$	32,666,276	\$	3,882,236	\$	28,784,040	12%

### **PILOT Payments**

Annual Service Charge
4.0%
7.0%
10.0%
12.0%

### **Project Financing Plan**

The developer will be providing all the required equity. Additionally, it is anticipated that a construction loan will be provided by either a local bank or debt fund. Upon substantial completion of the project, the construction loan will be refinanced with a permanent mortgage.

# **Private Financing Commitments**

All equity to be provided by Developer

### **Explanation of the Need for Tax Abatement**

A 30-year 3% long term tax abatement is an essential part of the proposed development. Without the requested abatement, the high cost of construction and currently projected low market rents, the real estate taxes for the project would create a significant financing gap. Based on the Applicant's analysis, the project is clearly economically unfeasible without the requested abatement.

The Applicant reserves the right to supplement this response as may be necessary and required.

### **Project Schedule**

The project is to be straightforwardly constructed and completed in a single phase. Construction is contemplated to begin in Fall 2022 and be completed within 18 months thereafter.

### **Summary of Project Benefits**

The project is intended to provide affordable market rate apartments within walking distance of the Orange Train Station. The existing single-family houses on the development site have become dilapidated and in need of significant repair or replacement. As such, they will be demolished and replaced with the proposed development site.

As part of the overall project, the developer is providing 97 parking spaces which is higher than the requirement in the Redevelopment Plan.



Municipal Building 29 North Day Street Orange, New Jersey 07050 (973) 952-6100 • www.OrangeNJ.gov

## Honorable Dwayne D. Warren, Esq. Mayor

Office of the Mayor

September 14, 2023

Joyce L. Lanier, City Clerk City of Orange Township City Hall 29 North Day Street Orange, New Jersey 07050

RE: Long Term Tax Exemption Application for: Peek Highland II Owner Urban Renewal, LLC 407-415 Highland Avenue Block 4902, Lots 16 and 17

Dear Ms. Lanier:

I have reviewed the Application, Financial Agreement and supporting documents submitted by **Peek Highland II Owner Urban Renewal, LLC** (the "Applicant") for a redevelopment project (the "Project") consisting of the construction of a 5-story 102-unit multi-family residential building with 97 on-site parking spaces provided on the ground floor and other related improvements on the above-referenced property. A resolution authorizing the execution and delivery of a Redevelopment Agreement with the Applicant (the "Redevelopment Agreement") will be presented for Municipal Council consideration simultaneously with the introduction of the ordinance approving the hereinafter-defined Financial Agreement.

The Project includes the construction of such reasonably necessary infrastructure improvements along the frontage of and near to the Project that are caused and necessitated as a result of the construction of the Project, including but not limited to curb replacements, street resurfacing, sidewalks, street lighting, landscaping, crosswalks, sewer improvements, and similar improvements consistent with the Entity's approved site plan, as well as offsite improvements that will enhance the area including land acquisition for a public park, all to be determined in consultation with the City Planner (collectively, the "Infrastructure and Offsite Improvements").

The City expects to issue its general obligation bonds and/or notes in an aggregate principal amount not to exceed \$250,000.00 (the "RAB Bonds") pursuant to the Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12A-64 et seq. (the "RAB Law"), and/or the Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), as applicable, in order to defray certain eligible costs of the Infrastructure and Offsite Improvements. A bond ordinance authorizing the issuance of the RAB Bonds will be presented for Municipal Council consideration at a future time.

The Applicant has submitted a tax exemption application to the City seeking a twenty-three (23) year Long Term Tax Abatement pursuant to the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. and the RAB Law. The Applicant is requesting an "Annual Service Charge" (i.e., a PILOT obligation) equal to the sum of (i) a "Base Annual Service Charge" of



6% of the Annual Gross Revenue generated from the Project (subject to adjustment as provided in the following paragraph), plus (ii) an amount equal to the City's debt service payments on the RAB Bonds. In no event shall the Annual Service Charge be less than the "Minimum Annual Service Charge" (i.e. the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation). As permitted by the provisions of the RAB Law, the Annual Service Charge will not be subject to staged minimum payments based on a percentage of the amount of taxes otherwise due on the value of the land and improvements for the Project.

In addition, the Applicant will be required to pay all land taxes levied against the Property (the "Land Taxes"), but the Applicant will be entitled to a credit for Land Taxes paid during the last four (4) preceding quarterly installments. However, the Base Annual Service Charge shall be increased on each anniversary of the Annual Service Charge Start Date in an amount equal to the increase in the non-municipal/library portion of the Land Taxes, provided that such increase shall not exceed 3% of the Base Annual Service Charge (the "Land Tax Adjustment Cap"), and provided further that any unused portion of the Land Tax Adjustment Cap shall be carried over to future years.

The annual service charges projected to be received by the City under the Financial Agreement have been projected to be sufficient to cover the projected debt service on the RAB Bonds and the required 5% share required to be paid to the County of Essex. To offset the City's administrative costs incurred in connection with the management of the Annual Service Charges and the RAB Bonds, the Applicant will be required to pay a separate annual administrative fee equal to 2% of the total Annual Service Charge.

After reviewing the Application, I am confident that the Project will provide needed housing and parking, as well as create both temporary and permanent jobs within the City, enhance the quality of life for residents in and around the neighborhood, and influence locational decisions of probable new residents. The Applicant has also committed to certain provisions governing local and minority hiring during Project construction.

Based on all of the information provided to me, I believe this project is a desirable improvement in our City. Therefore, I recommend that the Financial Agreement and the associated long term tax exemption be favorably considered by the Municipal Council, subject to satisfaction of all legal prerequisites.

Very truly yours,
CITY OF ORANGE TOWNSHIP

By: \_\_\_\_\_ Dwayne D. Warren, Esq. Mayor

