

CITY COUNCIL

The City of Orange Township, New Jersey

DATE _____

NUMBER 75-2023

TITLE: ORDINANCE OF THE CITY OF ORANGE TOWNSHIP TO APPROVE A TAX EXEMPTION FOR A TWENTY-TWO (22) YEAR PERIOD AND AUTHORIZING THE EXECUTION OF A FINANCIAL AGREEMENT BETWEEN THE CITY AND 617 SCOTLAND URBAN RENEWAL LLC

WHEREAS, 617 Scotland Urban Renewal LLC (the “**Entity**”) has applied for a long-term tax exemption for a redevelopment project on property located at 611-617 Scotland Road and 517-519 Beach Street in the City of Orange Township identified on the City tax map as Block 6105, Lots 2, 3, 4 and 5 (the “**Property**”) which is located within the Central Valley Redevelopment Area, District 4 and which is governed by the Central Valley Redevelopment Plan; and

WHEREAS, as described more fully within the application for long term tax exemption that the Entity filed with the City, the proposed project consists of the demolition of the existing structures on the Property and the construction of a six (6) story multifamily residential building, consisting of seventy eight (78) market rate rental units, along with seventy eight (78) off-street parking spaces and other amenities (collectively, the “**Project**”); and

WHEREAS, the Project will conform to the Central Valley Redevelopment Plan and all applicable municipal zoning ordinances, to the extent it contains provisions that are relevant to the Project, and will also conform with the master plan of the City of Orange Township (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**”) to grant tax exemptions to qualifying entities constructing redevelopment projects within urban enterprise zones governed by redevelopment plans 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 (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

WHEREAS, the Entity has demonstrated to the satisfaction of the Mayor and City Council that the granting of a long term tax exemption 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 City Council finds 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 for families, create both temporary and permanent jobs within the City, enhance the quality of life for residents in and around the Project and that it will be important in influencing the locational decisions of probable occupants of the Project; and

WHEREAS, the City 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.

NOW, THEREFORE, BE IT ORDAINED by the City 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 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 be exempt from taxation for a period of twenty-two (22) 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 Clerk of the City 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 by law.

ADOPTED:

Joyce L. Lanier
Municipal Clerk

Tency A. Eason
Council President

APPROVED:

Dwayne D. Warren, Mayor

FINANCIAL AGREEMENT
(N.J.S.A. 40A: 20-1, et seq.)

This **FINANCIAL AGREEMENT** (hereinafter, the “**Financial Agreement**”) made this _____ day of _____, 2023 by and between 617 Scotland Urban Renewal LLC, a New Jersey limited liability company qualified to do business under the provisions of the Long Term Tax Exemption Law, as amended and supplemented, (N.J.S.A. 40A:20-1 et seq.), having its principal office at 5308 13th Avenue, #197, Brooklyn, New York 11219 (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 Entity has applied for a long-term tax exemption for a redevelopment project on property located at 611-617 Scotland Road and 517-519 Beach Street in the City of Orange Township identified on the City tax map as Block 6105, Lots 2, 3, 4 and 5 (the “**Property**”) which is located within the Central Valley Redevelopment Area, District 4; 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 proposed project consists of the demolition of the existing structures on the Property and the construction six-story multifamily residential building, consisting of seventy-eight (78) market rate rental units, along with seventy-eight (78) off-street parking spaces and other amenities (the “**Project**”); 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. The granting of the long-term tax exemption provided herein will permit the development of market rate residential units 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 more housing options 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.

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 Long-Term Tax Exemption Law, N.J.S.A. 40A: 20-1 et. seq. (as amended and supplemented, the “**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. Allowable Net Profit - The amount arrived at by applying the allowable profit rate to the total project cost pursuant to the provisions of N.J.S.A. 40A: 20-3(c).

ii. Allowable Profit Rate - The Allowable Profit Rate means the greater of twelve (12%) percent or the percentage per annum arrived at by adding 1 ¼ % per annum to the annual interest percentage rate payable on the Entity’s initial permanent mortgage financing.

iii. Annual Service Charge - The amount that the Entity has agreed to pay the City in lieu of full taxation on the Improvements as set forth more fully within Section 4.1 of this Financial Agreement, and which is subject to verification and review by the City.

iv. Application - The Application was filed by the Entity pursuant to N.J.S.A. 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. Certificate of Occupancy - Document issued by the City authorizing occupancy of a building.

vii. City - The City of Orange Township, New Jersey.

viii. Default - Shall be the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Financial Agreement.

ix. Entity - Shall mean 617 Scotland Urban Renewal LLC, a New Jersey limited liability company qualified to do business under the provisions of the Law, and any lawful assignees as authorized under this Financial Agreement.

x. Gross Revenue – Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, laundry room, vending machines, and the like, or as user fees or for any other services. No deductions will be allowed 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.

xi. Improvements - Any building, structure or fixture permanently affixed to the Land.

xii. In Rem Tax Foreclosure - 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 N.J.S.A. 54: 5 -1 et seq.

xiii. Land – The land, but not the Improvements, on the Property.

xiv. Land Taxes - The amount of taxes assessed on the value of the Land. Land assessments are not abated and shall remain a lien on the Land.

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

xvi. Law - The term “Law” shall refer to the Long-Term Tax Exemption Law, as amended and supplemented N.J.S.A. 40A: 20-1, et. seq.

xvii. Minimum Annual Service Charge - The minimum annual service charge shall be the greater of (i) 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, and (ii) \$40,944.22.

xviii. Net Profit - The gross revenue of the Entity less all operating and non-operating expenses of the Entity, calculated on a cumulative basis from Substantial Completion through the

most recent fiscal year, as determined in accordance with generally accepted accounting principles and the provisions of N.J.S.A. 40A:20-3(c).

xix. Project - The Land and Improvements thereon which are the subject of this Financial Agreement and as defined in N.J.S.A. 40A:20-3 (e) and (i). The Project consists of the demolition of the existing structure on the Property and the construction six-story multifamily residential building, consisting of seventy-eight (78) market rate rental units, along with seventy-eight (78) off- street parking spaces and other amenities, as described more fully within the Application.

xx. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as, the plural, as proper meaning requires.

xxi. Property - The Land and the Improvements thereon located at 611-617 Scotland Road and 517-519 Beach Street in the City of Orange Township identified on the City tax map as Block 6105, Lots 2, 3, 4 and 5.

xxii. Statutes - The term Statutes when used in this Financial Agreement shall refer to all relevant statutes of the State of New Jersey.

xxiii. Substantial Completion - The determination by the City that the Project is ready for the use intended, as further defined in Section 6.2 of this Financial Agreement.

xxiv. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its long-term tax exemption on the Property.

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 Exemption

The City has granted and does hereby grant its approval for a tax exemption for the Project to be acquired, developed and to be maintained under the provisions of the Law on the premises described in the Application. 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

(a) If the Entity, its successors and/or assigns and/or any subsequent purchasers 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 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."

(c) Upon written notice from the City to the Entity or its successors and/or 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 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 Improvements provided for in this Financial Agreement:

(a) It will comply with the provisions of the Affirmative Action Language contained

herein.

(b) 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:

- (i) minority workers in each construction trade; or
- (ii) 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 (20%) percent of the dollar value of the hard costs of total procurements to be awarded in connection with the Project.

For purposes of this section, the term "Minority" shall mean persons who are Black, Hispanic, Portuguese, Latino, Asian American, American Indian or Alaskan Natives. 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 fifty-one (51%) percent owned and controlled by Minority group members and is qualified.

(c) 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.

(d) 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.

(e) Where applicable, it will at all times conform to the laws, regulations, policies of the State of New Jersey, 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 2.4 and 2.5 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 Project 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 2.4 and 2.5.

Article III -- Duration of Financial Agreement

Section 3.1 Term

So long as there is compliance with the Law and this Financial Agreement, it is understood and agreed by the parties hereto that this Financial Agreement shall remain in effect for a term of twenty-two (22) years from the date of Substantial Completion of the Project 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 27 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 on the Property 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 shall terminate upon the Entity's rendering and the City's acceptance of the Entity's final accounting.

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 shall include the total of all revenues that would normally be payable to a landlord in the case where the landlord is responsible to pay all costs of operations and maintenance as well as to pay the full cost of the capital required to construct the Project. To the extent that the actual revenues collected by the Entity are less than such amount, due to any reason including without limitation, the payment of expenses by tenants that would normally be paid by the landlord, such as insurance, taxes and or maintenance or the existence of an intermediate entity between the Entity and any tenant, but specifically excluding reductions in revenue due to vacancies within the Project, the City shall have the right, at its sole discretion, to recalculate the amount that the revenues would have been, without such issues and to utilize the results of its recalculations in all determinations of Annual Service Charges.

(b) All parking spaces on the Property, if applicable and approved by the Office of Central Planning, will be exclusively for the use of the owners, tenants or customers 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. In the event that the Entity seeks to lease the parking spaces on the Property, the Entity must first notify the City in writing and must comply with all City ordinances and State laws regarding parking.

(c) The Annual Service Charge for year one (1) through year fifteen (15) of this Financial Agreement shall be the amount equivalent to ten percent (10%) of the Annual Gross Revenue generated from the Project. The Annual Service Charge for the remaining period of the Financial Agreement shall be determined as follows, pursuant to N.J.S.A. 40A:20-12(b)(2):

- (i) During year sixteen (16) through year nineteen (19) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- (ii) During year twenty (20) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- (iii) During year twenty-one (21) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- (iv) During year twenty-two (22) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or eighty percent (80%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater.

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 Improvement during the period the Agreement is in force and effect.

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.

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 in the prior tax year (the "Land Tax Credit") against the Annual Service Charge. For purposes of clarification the amount of the Land Tax Credit to be applied against the quarterly installment of the Annual Service Charge shall equal $\frac{1}{4}$ of the total Land Tax Payments paid by it in the last four preceding quarterly installments in the prior tax year. 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, among its other remedies, have the right to proceed against the Property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54: 5-1, et. seq. and/or may cancel the Financial Agreement upon thirty (30) days notice to the Entity. 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 two (2%) percent of the Annual Service Charge added for each year that the Financial Agreement is in effect in order to cover the City's administrative 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 for relief through the filing of 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 that the Superior Court does not accept jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined, in accordance with its rules and regulations, in such a fashion to accomplish the purpose of said 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 Property, 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.

Article VI – Certificate of Occupancy

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 as identified in the Application and failure to use best efforts to secure and submit said Certificates of Occupancy shall subject the Property to full taxation.

Section 6.2 Substantial Completion

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

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 by the Application and Financial Agreement 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'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 as required under 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 completion of the Project, the Entity agrees to submit a Total Project Cost audit certified by a certified public accountant within ninety (90) days after completion of the Project.

Section 7.3 Inspection

The Entity shall 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 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 N.J.S.A. 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 percent (10%) of the gross revenues of the Entity for the fiscal year preceding the year in which a determination is being made with respect to permitted Net Profits as provided in N.J.S.A. 40A:20-15, said reserve to be noncumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of ten percent (10%) of the preceding year's gross revenues 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 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 paragraph 7.4.

Article VIII - Assignment and/or Assumption

Section 8.1 Approval

Any change made in the ownership of the Project, any change made in the ownership of the Entity prior to Substantial Completion, or any other change that would materially affect the terms of the Financial Agreement shall be void unless approved by the Municipal Council by resolution. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of the Financial Agreement to an urban renewal entity eligible to operate under the Law provided that the Entity is not in default regarding any performance required of it hereunder and full compliance with the Law has occurred and the Entity obligation under this Financial Agreement with the City is fully assumed by the transferee.

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.

Article IX Waiver

Section 9.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including without limitation, the right to terminate the Financial Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit any right of recovery of any amount that the City has under law, in equity, or under any provisions of this Financial Agreement.

Article X – Notice

Section 10.1 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:

617 Scotland Urban Renewal LLC
c/o Scotland Ventures LLC
5308 13th Avenue, #197
Brooklyn, New York 11219

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

City Hall
29 N. Day Street
Orange, New Jersey 07050

Attention: Municipal Clerk and Business Administrator

The notice to the City shall identify the subject as “617 Scotland Redevelopment Project” and shall include any assigned tax account numbers.

Article XI – Compliance

Section 11.1 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.

Article XII - Construction

Section 12.1 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 XIII – Indemnification

Section 13.1 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 XIV - Default

Section 14.1 Default

Default shall be failure of the Entity to conform 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.

Section 14.2 Cure Upon Default

Should the Entity be in default on any obligation other than the obligation to pay the Annual Service Charge and Land Taxes 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 particularity the basis of said default. The Entity shall have thirty (30) days from its receipt of such notice to cure any notice. 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 14.3 Remedies Upon Default

Subsequent to the passage of thirty (30) days after the Entity's receipt of a default notice 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 or which, under the terms hereof, would in the future become due nor shall 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 be construed as a waiver of the right to terminate said tax exemption or proceed with In Rem Foreclosure action or any other remedy.

Article XV - Termination

Section 15.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy such default or breach within the time period provided in Section 14.2, the City may cancel this Financial Agreement upon thirty (30) days notice to the Entity and all lenders of record. For purposes of rendering a final financial accounting the termination of the Financial 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 15.2 Voluntary Termination by the Entity

The Entity may after the expiration of one year from the completion date of the Project notify the Municipal Council of the City that as of a certain date designated in the notice, it relinquishes its status as a tax exempted project. As of the date so set, the tax exemption, the service charges and the profit and dividend restriction shall terminate. Upon termination, the Entity shall provide a final accounting and pay any reserve, if any, to the City pursuant to the provisions of N.J.S.A. 40A:20-13 and 15.

Section 15.3 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.

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 XVI - Miscellaneous

Section 16.1 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 16.2 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 16.3 Entire Document

This Financial Agreement and all conditions in the Ordinance of the Municipal Council approving this Financial Agreement are incorporated in this Financial Agreement and made a part hereof.

Section 16.4 Good Faith

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

Section 16.5 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 16.6 Recording

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

Article XVII – Exhibits

Exhibit A – The 617 Scotland Urban Renewal LLC Tax Abatement Application

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

ATTEST:

617 SCOTLAND URBAN RENEWAL LLC

Witness

By: _____
Solomon Goldberger, Managing Member

ATTEST:

THE CITY OF ORANGE TOWNSHIP

Clerk

Dwayne D. Warren, Esq., Mayor

APPROVED AS TO FORM

City Attorney

EXHIBIT A
[Long Term Tax Exemption Application]



Connell Foley LLP
1085 Raymond Boulevard
19th Floor
Newark, NJ 07102
P 973.436.5800 F 973.436.5801

May 9, 2023

VIA HAND DELIVERY

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

**Re: Application for Long Term Tax Exemption
617 Scotland Urban Renewal LLC
611-617 Scotland Road & 517-519 Beach Street
(Block 6105, Lots 2, 3, 4 & 5)**

Dear Business Administrator Hartwyk:

Enclosed please find an original and one copy of the completed Application for Long Term Tax Exemption, executed by Applicant, 617 Scotland Urban Renewal LLC. In addition, enclosed please find application fees in the amount of Four Thousand Seven Hundred and Forty- One Dollars and Twenty Cents (\$4,741.20), made payable to the City of Newark.

Should you require anything additional, do not hesitate to contact me.

Very truly yours,

Elnardo J. Webster

Elnardo J. Webster
CONNELL FOLEY LLP

Enclosures

c: 617 Scotland Urban Renewal LLC (via email;w/o encls.)

Roseland

Jersey City

Newark

New York

Cherry Hill

Philadelphia

www.connellfoley.com

Scotland Ventures
5308 13th Ave #197
Brooklyn, New York 11219

JPMorgan Chase Bank
Brooklyn, NY 11219

Check Date 04/24/2023 Check No. 26

Four Thousand Seven Hundred Forty One Dollars and Twenty Cents

Amount
4,741.20

Pay To The Order Of
The City of Orange


Authorized Signature

Memo: Application fee for Tax abatements

⑆ 25⑆ ⑆021000021⑆ 787329652⑆

Name
Scotland Ventures

Memo
Application fee for Tax abatements

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
- o Section II - Identification of the applicant
- o Section III - Detailed description of the Project
- o 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: chartwyk@ci.orange.nj.us**

II. Developer Identification:

A. Name of Applicant:

617 Scotland Urban Renewal LLC

B. Principal Address:

**5308 13th Avenue, #197
Brooklyn, New York 11219**

C. Type of Entity (check one)

Corporation X LLC LLP Partnership Other (please specify)

D. Contact Information

1.) Name of Primary Contact: Elnardo J. Webster, II

2.) Contact Numbers:

a. Phone: (973) 436-5800

b. Fax: (973) 436-5801

c. Email: ewebster@connelloley.com & lluciani@connelloley.com

E. Name and Address of Statutory Agent:

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

**Scotland Ventures LLC
730 Garfield Avenue, #197
Jersey City, New Jersey 07305**

F. Federal Tax Identification Number:

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:

Conventional (Fee Simple) Condominium

B. Project Type (Please check all that apply):

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 Sale For Lease Both

D. Project Location:

1. Provide all of the street addresses by which the project site is currently known:

Address #1: 611-617 Scotland Road

Address #2: 517-519 Beach Street

2. Provide all tax lots that comprise the project site. Designate lots as they appear on the official maps of the Tax Assessor as of the date of this application (i.e. prior to any subdivision associated with the project):

Block: **6105** Lots: **2, 3, 4 & 5**

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:

Please check all that apply:

1. This project is located within an officially designated "area in need of redevelopment."
 Yes No
2. This project is located within an Urban Enterprise Zone.
 Yes No
3. This Project is intended to provide housing to low and/or moderate income households:
 Yes No

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: 78
Total number of residential units: 78

4. This Project is intended to provide housing to households relocated as a result of a redevelopment project: Yes No
5. This Project is intended as a means to implement the objectives set forth in an adopted Redevelopment Plan: Yes No

Central Valley Redevelopment Plan, District 4

6. If the answer to questions 3 through 5 of this section was "No", please indicate the purpose of the Project: N/A

G. Narrative Description of Project:

See Exhibit 8.

H. 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.

Lots 2, 3 and 5 are currently improved with vacant two-family homes which shall be demolished as part of the project. Lot 4 is currently improved with a one-story commercial building which remains vacant and shall be demolished as part of the project.

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.

<u>Block</u>	<u>Lot</u>	<u>Current Tax Assessment</u>	<u>Current Real Property Tax Levy</u>
6105	2	\$318,800	\$11,049.61
6105	3	\$235,600	\$8,165.90
6105	4	\$310,000	\$10,744.60
6105	5	\$181,000	\$10,984.11

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.

<u>Block</u>	<u>Lot</u>	<u>Current Status of Municipal Fees and Charges (specify type)</u>
6105	2	0
6105	3	0
6105	4	0
6105	5	0

I. 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.

J. 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.

K. 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.

L. 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.

M. Explanation of the Need for Tax Abatement:

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

N. 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.

O. 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:

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

Annual Gross Revenue (Non-condominium) ___ Project Cost
___ Imputed debt service (Condominium)

B. Term Requested:

22 Years

C. Proposed Rates and Phases:

<u>Starting Year</u>	<u>Ending Year</u>	<u>Rate</u>	<u>Phase-out (alternative method)</u>
1	15	10%	0%
16	19	10%	20%
20		10%	40%
21		10%	60%
22		10%	80%

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.

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:

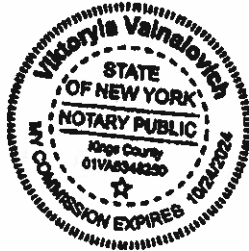
617 SCOTLAND URBAN RENEWAL LLC

By: 
Name: Solomon Goldberger
Title: Managing Member

4/20/23
Date

Please notarize here or provide attestation and seal of corporate secretary

April 20 2023
[Signature]



EXHIBITS

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

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

EXHIBIT 1
DISCLOSURE OF OWNERSHIP


617 SCOTLAND URBAN RENEWAL LLC

DISCLOSURE OF OWNERSHIP

The following is a list of partners owning a ten percent (10%) or greater interest in 617 Scotland Urban Renewal LLC.

<u>Name</u>	<u>Home Address</u>	<u>% of Owners</u>
1. <u>Solomon Goldberger</u>	<u>5308 13th Ave #147 Brooklyn NY</u>	<u>50%</u>
2. <u>Marlin Templey</u>	<u>1742 75th St Brooklyn N.Y. 11204</u>	<u>50%</u>
3. _____	_____	_____
4. _____	_____	_____

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed this 20 day April of 2023.



Affiant
(Authorized Agent of Corporation)

Sworn and Subscribed before
me this 20 day of April, 2023

Solomon Goldberger Partner
Print name and title of Affiant



(Notary Public)



EXHIBIT 2
CERTIFICATE OF INCORPORATION

**CERTIFICATE OF FORMATION
OF
617 SCOTLAND URBAN RENEWAL LLC**

This Certificate of Formation is made by an authorized person in order to form a limited liability company in accordance with the New Jersey Revised Uniform Limited Liability Company Act (N.J.S.A. 42:2C-1 et seq.).

1. The name of the limited liability company is:

617 SCOTLAND URBAN RENEWAL LLC

(referred to below as the "Company").

2. The address of the Company's initial registered office in New Jersey is 730 Garfield Avenue, Jersey City, New Jersey 07305. The Company's initial registered agent at that address is Scotland Ventures LLC.

3. The business address of the Company shall be 5308 13th Avenue, #197 Brooklyn, New York 11219.

4. The term of the Company shall be perpetual.

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

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

7. The Company declares that (a) it has been organized to serve a public purpose; (b) its operations shall be directed toward: (i) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced or to be displaced by redevelopment, or the conduct of low and moderate income housing projects; (ii) the acquisition, management and operation of a project, redevelopment relocation

housing project, or low and moderate income housing project under P.L.1991, c.431 (C.40A:20-1 et seq.); and (c) it shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as it remains the owner of a project subject to P.L.1991, c.431 (C.40A:20-1 et seq.).

8. The Company shall not voluntarily transfer more than ten (10%) percent of its ownership in the project or any portion thereof undertaken by it under P.L.1991, c.431 (C.40A:20-1 et seq.), until: (i) the Company has first removed both itself and the project from all restrictions of P.L.1991, c.431 (C.40A:20-1 et seq.) in the manner required by P.L.1991, c.431 (C.40A:20-1 et seq.); and (ii) if the project includes housing units, the Company has obtained the consent of the Commissioner of Community Affairs to such transfer, with the exception of transfer to another urban renewal entity, as approved by the Municipality, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the Financial Agreement with the Municipality.

9. The Company shall file annually with the municipal governing body a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each.

10. Nothing herein shall prohibit any transfer of the ownership interest in the Company itself provided that the transfer, if greater than 10%, is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the Municipality in advance of the annual disclosure statement referred to above.

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

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

13. This Certificate shall be effective upon its filing in the Commercial Recording Division of the office of the New Jersey Department of Treasury.

IN WITNESS WHEREOF, the undersigned duly authorized person has executed this Certificate of Formation this 18th day of April 2023.



Solomon Goldberger
Authorized Person

EXHIBIT 3
CERTIFICATE OF DCA APPROVAL OF
URBAN RENEWAL ENTITY



Connell Foley LLP
1085 Raymond Boulevard
19th Floor
Newark, NJ 07102
P 973.436.5800 F 973.436.5801

May 1, 2023

Via Regular Mail

State of New Jersey Department of Community Affairs
Office of Local Planning Services
101 South Broad Street
P.O. Box 813
Trenton, NJ 08625-0813

Re: **Certificate of Formation of
617 Scotland Urban Renewal LLC**

Dear Sir/Madam:

This office represents 617 Scotland Urban Renewal LLC with respect to the approval of the entity's formation of 617 Scotland Urban Renewal LLC. Enclosed please find the following:

- Original and executed, along with five (5) copies of the Certificate of Formation for 617 Scotland Urban Renewal LLC; and
- Original and executed Urban Renewal Entities Disclosure Information Form for 617 Scotland Urban Renewal LLC.

Kindly review the enclosed and if acceptable, forward the Division's approval of said entity to this office. Should you require any additional information, please do not hesitate to contact this office. Thank you for your assistance in this matter.

Very truly yours,

Jodi M. Luciani

Jodi M. Luciani

Enclosures

Roseland

Jersey City

Newark

New York

Cherry Hill

Philadelphia

www.connellfoley.com

**CERTIFICATE OF FORMATION
OF
617 SCOTLAND URBAN RENEWAL LLC**

This Certificate of Formation is made by an authorized person in order to form a limited liability company in accordance with the New Jersey Revised Uniform Limited Liability Company Act (N.J.S.A. 42:2C-1 et seq.).

1. The name of the limited liability company is:

617 SCOTLAND URBAN RENEWAL LLC

(referred to below as the "Company").

2. The address of the Company's initial registered office in New Jersey is 730 Garfield Avenue, Jersey City, New Jersey 07305. The Company's initial registered agent at that address is Scotland Ventures LLC.

3. The business address of the Company shall be 5308 13th Avenue, #197 Brooklyn, New York 11219.

4. The term of the Company shall be perpetual.

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

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

7. The Company declares that (a) it has been organized to serve a public purpose; (b) its operations shall be directed toward: (i) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced or to be displaced by redevelopment, or the conduct of low and moderate income housing projects; (ii) the acquisition, management and operation of a project, redevelopment relocation

housing project, or low and moderate income housing project under P.L.1991, c.431 (C.40A:20-1 et seq.); and (c) it shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as it remains the owner of a project subject to P.L.1991, c.431 (C.40A:20-1 et seq.).

8. The Company shall not voluntarily transfer more than ten (10%) percent of its ownership in the project or any portion thereof undertaken by it under P.L.1991, c.431 (C.40A:20-1 et seq.), until: (i) the Company has first removed both itself and the project from all restrictions of P.L.1991, c.431 (C.40A:20-1 et seq.) in the manner required by P.L.1991, c.431 (C.40A:20-1 et seq.); and (ii) if the project includes housing units, the Company has obtained the consent of the Commissioner of Community Affairs to such transfer, with the exception of transfer to another urban renewal entity, as approved by the Municipality, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the Financial Agreement with the Municipality.

9. The Company shall file annually with the municipal governing body a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each.

10. Nothing herein shall prohibit any transfer of the ownership interest in the Company itself provided that the transfer, if greater than 10%, is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the Municipality in advance of the annual disclosure statement referred to above.

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

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

13. This Certificate shall be effective upon its filing in the Commercial Recording Division of the office of the New Jersey Department of Treasury.

IN WITNESS WHEREOF, the undersigned duly authorized person has executed this Certificate of Formation this 18th day of April 2023.



Solomon Goldberger
Authorized Person

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

URBAN RENEWAL ENTITIES
DISCLOSURE INFORMATION

Instructions for Completion: You have filed an application for approval of an urban renewal entity pursuant to the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.). In order for us to process the application, we require that you provide the following information and forward this form to the above address or fax it to (609) 633-6056. This form must be completed prior to DCA approval of the entity. If you have any questions, please call Pamela Weintraub at (609) 913-4456 or email Pamela.Weintraub@dca.nj.gov.

Name of Urban Renewal Entity: 617 Scotland Urban Renewal LLC

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

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

SECTION 2: PROJECT INFORMATION

Project Name: Scotland Residential

Project Street Address: 611-617 Scotland Road and 517-519 Beach Street

Project Block Number(s) 6105

Project Lot Number(s) 2, 3, 4 & 5

Municipality in which the Project is located _____

County in which the Project is located _____

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

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

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

If you checked 3, complete SECTION 5, 6, and 7.

If you checked 4, complete SECTIONS 4, 5, 6, and 7.

SECTION 4: REDEVELOPMENT PLAN INFORMATION

Name of Municipal Redevelopment Agency City of Orange Township Municipal Council

Citation of municipal ordinance adopting the redevelopment plan Ordinance 13-2012

For housing projects, complete the following:

Specify type and number of units as applicable:

- Condominium units _____
- Market rate rental 78
- Low and moderate income in mixed use projects _____
- Senior citizen in mixed use projects _____
- Other (please specify) _____

Total number of units 78

SECTION 5: PROJECT FUNDING SOURCES

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

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

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

NJ Department of Community Affairs:

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

NJ Redevelopment Authority:

- NJ Urban Site Acquisition Program

US Department of Housing and Urban Development (HUD):

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

US Department of Agriculture:

- Rural Resources Administration (formerly Farmers' Home Administration)

Other (Please specify): _____

NJ Housing and Mortgage Finance Agency:

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

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

Name: _____

Title: _____

Department/Agency: _____

Address: _____

Telephone Number: _____

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

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

- 3. Ownership of an existing project is being transferred to the new urban renewal entity.

If transfer, specify name of individual, entity, etc. from whom the project is being or has been transferred. _____

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

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

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

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

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

SECTION 7: CERTIFICATION

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

CERTIFICATION

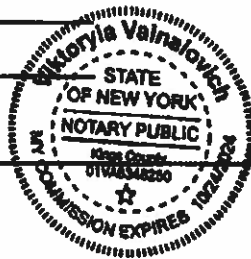
I attest that the information stated herein is truthful and accurate to the best of my knowledge and understand that failure to fully and accurately disclose any information may delay processing the application while the Department investigates the application and project. Further, I understand that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

Sworn to me and subscribed before me this day of _____
(mo/day/year)

X _____
(authorized individual's signature)

April 20th 2023

[Signature]
(notary public/attorney)



Solomon Goldberg
(print name of authorized individual)

EXHIBIT 4
RESOLUTION AUTHORIZING SUBMISSION OF APPLICATION

RESOLUTION

I, Solomon Goldberger, of full age and mental capacity, hereby certify as follows:

RESOLVED that 617 Scotland Urban Renewal LLC ("Entity"), is authorized to submit an application for a long-term tax exemption ("Application") to the City of Orange Township ("City").

BE IT FURTHER RESOLVED that if this Application is accepted by the City, the undersigned is authorized to execute and deliver on the Entity's behalf, a Financial Agreement with the City, substantially in the form attached to the Application, with such changes thereto as may be negotiated by the parties.

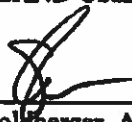
CONSENT

The undersigned, Solomon Goldberger, being duly authorized by 617 Scotland Urban Renewal LLC, does hereby certify that the foregoing Resolution was lawfully adopted by the Entity on the date set forth above, that the foregoing Resolution is a true, accurate and complete copy of the Resolution so adopted.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this ___ day of April 2023.


617 SCOTLAND URBAN RENEWAL LLC

4/20/23
Date



Solomon Goldberger, Authorized Signatory

Sworn and Subscribed before
me this 20 day of April 2023



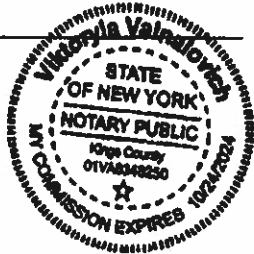


EXHIBIT 5
METES AND BOUNDS DESCRIPTION



V4 LAND SURVEYING PLLC.

CERTIFICATE OF AUTHORIZATION
NO. 24GA28337500

METES AND BOUNDS

BLOCK 6105, LOT 2,3,4 and 5

ALL that (those) certain lot(s), tract(s) or parcel(s) of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Orange, County of Essex, and State of New Jersey and is bounded and described as follows:

BEGINNING at a point of intersection of the westerly line of Scotland Road with the northerly line of Beech Street, running thence

- 1. Along the northerly line of Beech Street, North 60 degrees 54 minutes 00 seconds West, a distance of 150.00 feet to a point; thence**
- 2. North 26 degrees 14 minutes 00 seconds East, a distance of 102.50 feet to a point; thence**
- 3. South 60 degrees 54 minutes 00 seconds East, a distance of 50.90 feet to a point; thence**
- 4. North 27 degrees 11 minutes 00 seconds East, a distance of 65.00 feet to a point; thence**
- 5. South 60 degrees 54 minutes 00 seconds East, a distance of 100.00 feet to a point on the westerly line of Scotland Road running; thence**
- 6. Along the westerly line of Scotland Road, South 27 degrees 11 minutes 00 seconds West, a distance of 65.00 feet to a point; thence**
- 7. Along the westerly line of Scotland Road, South 27 degrees 11 minutes 00 seconds West, a distance of 55.20 feet to a point; thence**
- 8. Still along the westerly line of Scotland Road, South 26 degrees 12 minutes 49 seconds West, a distance of 47.26 feet to the point and place of BEGINNING.**

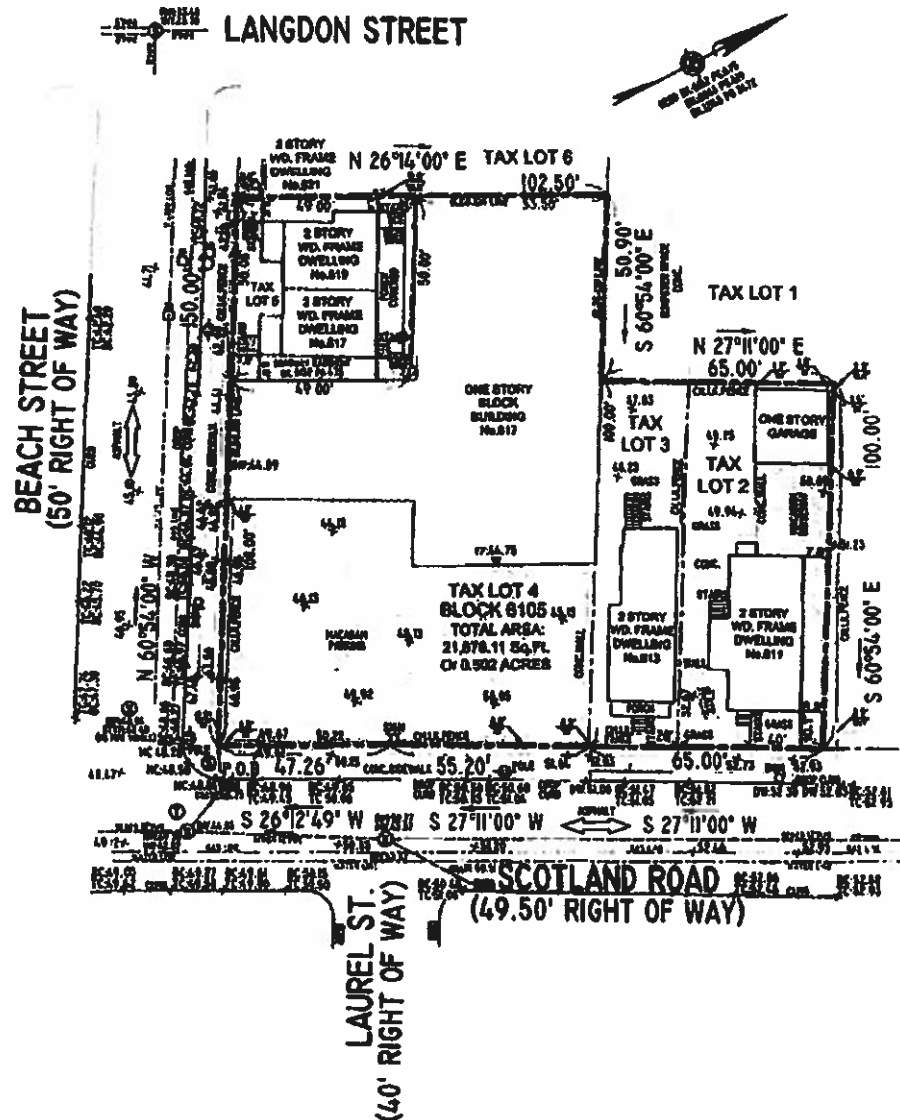
FOR INFORMATION PURPOSES ONLY: BEING known as Tax Lot 2,3,4 and 5 in Tax Block 6105 on the Official Tax Map of the Township of Orange, Essex County, State of New Jersey.

10 PATERSON AVENUE, HOBOKEN, NEW JERSEY 07030, (201)-628-1958

EXHIBIT 6
SURVEY

SURVEYOR'S NOTES:

- EXCEPT AS SPECIFICALLY STATED OR SHOWN ON HIS PLAN, THIS SURVEY DOES NOT PURPORT TO REFLECT ANY OF THE FOLLOWING WHICH MAY BE APPLICABLE TO THE SUBJECT REAL ESTATE: EASEMENTS, OTHER THAN POSSIBLE EASEMENTS THAT WERE VISIBLE OR ON RECORD AT THE TIME OF THE MAKING OF THIS SURVEY; BUILDING SETBACK LINES; RESTRICTIVE COVENANTS; SUBDIVISION RESTRICTIONS; ZONING OR OTHER LAND USE REGULATIONS AND ANY OTHER FACTS THAT AN ACCURATE AND CURRENT TITLE SEARCH MAY DISCLOSE.
- DECLARATION IS MADE TO ORIGINAL PURCHASER OF THE SURVEY. IT IS NOT TRANSFERABLE TO ADDITIONAL INSTITUTIONS OR SUBSEQUENT OWNERS.
- SURVEY IS VALID ONLY IF PRINT HAS ORIGINAL SEAL AND SIGNATURE OF SURVEYOR.
- SURFACE AND ENVIRONMENTAL CONDITIONS WERE NOT EXAMINED OR CONSIDERED AS A PART OF THIS SURVEY.
- SUBJECT TO ANY AND ALL EASEMENTS OR RESTRICTIONS EITHER RECORDED OR UNRECORDED.
- WETLANDS LOCATION ARE NOT CONSIDERED PART OF CONTRACTUAL OBLIGATIONS OR PART OF THIS SURVEY.
- FLOOD PLAN MAPS WERE NOT REVIEWED OR CONSIDERED PART OF THIS SURVEY.



NOTES:

THE OFFSETS SHOWN ARE NOT TO BE USED FOR THE CONSTRUCTION OF ANY STRUCTURE, FENCE, PERMANENT ADDITION, ETC. THIS SURVEY IS SUBJECT TO ANY FACTS AN ACCURATE TITLE SEARCH MAY DISCLOSE. A WRITTEN WARNING AND QUESTION NOT TO SET CORNER MARKERS HAS BEEN OBTAINED FROM THE ULTIMATE USER PURSUANT TO P.L. 3003, §14 (RAB-44.3) AND N.J.A.C. 15:27-2.1 (f).

CHECKED BY: **RON P. T.D. RODOLFO PIERRI P.L.S.**

TOPOGRAPHIC LOCATION SURVEY MAP OF PROPERTY LOCATED AT 611 - 617 SCOTLAND ROAD 517 - 519 BEACH STREET SITUATED IN THE TOWNSHIP OF ORANGE ESSEX COUNTY, NEW JERSEY BLOCK 6106, TAX LOTS 2,3,4 AND 5

GENERATED BY: **V4 LAND SURVEYING PLLC HOBOKEN, NEW JERSEY 07030**

DATE OF SIGNATURE: 11/16/2021

LEGEND

	HYDRANT
	GAS VALVE
	WATER VALVE
	UTILITY POLE
	SANITARY SEWER MANHOLE
	STORM
	STREET LIGHT (PIETAL POLE)
	GAS LINE
	WATER LINE
	STORM LINE
	CURBSIDE LINE
	SIDEWALK
	STREET CURB
	TOP OF GROUND
	BOTTOM OF GROUND
	TOP OF WALL
	BOTTOM OF WALL
	FINISH FLOOR
	ELEVATION

ELEVATIONS ARE BASED ON ASSUMED DATUM CONTOUR INTERVAL EQUALS 2 FOOT.

EXHIBIT 7
CONTRACTS OF SALE



Essex County Register Document Summary Sheet

DEED SENIOR CITIZEN(PARTIAL EXEMPTION FROM RTF)	Type	DEED SENIOR CITIZEN(PARTIAL EXEMPTION FROM RTF)				
	Consideration	\$300,000.00				
	Submitted By	SIMPLIFILE, LLC. (SIMPLIFILE)				
	Document Date	12/12/2022				
	Reference Info					
	Book ID	Book	Beginning Page	Instrument No.	Recorded/File Date	
	GRANTOR	Name			Address	
		ROMANUS U IHUOMA			611 SCOTLAND ROAD, ORANGE, NJ 07050	
		PATRICIA N IHUOMA			613 SCOTLAND ROAD, ORANGE, NJ 07050	
GRANTEE	Name			Address		
	SCOTLAND REALTY LLC			5308 13TH AVENUE #197, BROOKLYN, NY 11219		
Parcel Info						
Property Type	Tax Dist.	Block	Lot	Qualifier	Municipality	
	99	6105	3		99	

Not Certified Copy

*** DO NOT REMOVE THIS PAGE.
COVER SHEET (DOCUMENT SUMMARY FORM) IS PART OF ESSEX COUNTY REGISTER FILING RECORD.
RETAIN THIS PAGE FOR FUTURE REFERENCE.**

Deed

This Deed is made on: **November 30, 2022**
BETWEEN **ROMANUS U. BUONICCONTI** and **PATRICIA M. BUONICCONTI**, husband and wife

whose post office address is **643 Scotland Road**
Orange, NJ 07050

referred to as the **Grantor**,
AND **SCOTLAND REALTY LLC**

whose post office address is **6225 13th Avenue, #107**
Brooklyn, NY 11219

referred to as the **Grantee**.

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

1. **Transfer of Ownership.** The Grantor grants and conveys (transfers ownership of) the property (called the "Property") described below to the Grantee. This transfer is made for the sum of Three Hundred Thousand Dollars and No Cents

The Grantor acknowledges receipt of this money.

2. **Tax Map Reference.** (N.J.S.A. 45:24A-4) Municipality of Orange
Block No. 0100, Lot No. 2, Qualifier No. _____ and Account No. _____

No lot and block or account number is available on the date of this Deed. (Check box if applicable.)

3. **Property.** The Property consists of the land and all the buildings and structures on the land in the City
of Orange Township, County of Essex and State of New Jersey.
The legal description is

Please see attached Legal Description which is made a part hereof. (Check box if applicable.)

Being the same premises conveyed to **George U. Buono** as follows:

Romanus U. Buono by deed from **Richard Jackson**, Acting Secretary of Housing and Urban Development, of **Washington, D.C.** and through the Federal Housing Commissioner dated **March 12, 1964** recorded **April 24, 1964** in the County Clerk's office in **Deed Book 0063, Page 478**.

Grantor **Patricia M. Buono** joins in this Deed only to convey any marital rights of possession to the property being conveyed here.

Subject to grants, easements and restrictions of record, if any, such state of facts as an accurate survey might disclose, and municipal laws and ordinances pertaining to the premises and the use thereof.

Prepared by *[Signature]*
George U. Buono, Esq.

(For Recorder's Use Only)

SCHEDULE C

The Land is described as follows:

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, COUNTY OF ESSEX STATE OF NEW JERSEY:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SCOTLAND ROAD (FORMERLY SCOTLAND STREET) DISTANT SOUTHERLY 168.59 FEET FROM THE INTERSECTION OF SAID WESTERLY LINE OF SCOTLAND ROAD WITH THE SOUTHERLY LINE OF TREMONT AVENUE; THENCE RUNNING

- 1. NORTH 60 DEGREES 6 MINUTES WEST 100 FEET; THENCE RUNNING**
- 2. SOUTH 27 DEGREES 59 MINUTES WEST 25 FEET; THENCE RUNNING**
- 3. SOUTH 60 DEGREES 6 MINUTES EAST 100 FEET TO THE WESTERLY LINE OF SCOTLAND ROAD; THENCE RUNNING**
- 4. ALONG SAID LINE OF SCOTLAND ROAD NORTH 27 DEGREES 59 MINUTES EAST 25 FEET TO THE PLACE OF BEGINNING.**

**FOR INFORMATIONAL PURPOSES ONLY:
BEING LOT 3, BLOCK 6105 ON THE CITY OF ORANGE TAX MAP,
ALSO KNOWN AS 613 SCOTLAND ROAD ORANGE NJ.**

Not Certified Copy

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by First American Title. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I - Requirements; and Schedule B, Part II - Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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GIT/REP-3
(2-21)
(Print or Type)

State of New Jersey Seller's Residency Certification/Exemption

Seller's Information

Name(s) ROMANUS U. BUCINA and PATRICIA M. BUCINA, husband and wife

Current Street Address 888 Park Terrace

City, Town, Post Office Union State NJ ZIP Code 07003

Property Information

Block(s) 0705 Lot(s) 3 Parcel ID 070500030

Street Address 819 Scotland Road

City, Town, Post Office City of Orange Township State NJ ZIP Code 07000

Seller's Percentage of Ownership 100% Total Consideration \$800,000.00 Owner's Date of Occupation 12/2012 Closing Date December 13, 2022

Declaration

1. Seller is a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to the New Jersey Gross Income Tax Act, will file a resident Gross Income Tax return, and will pay any applicable taxes on any gain or income from the disposition of this property.
2. The real property sold or transferred is used exclusively as a principal residence, as defined in 26 U.S. Code section 121.
3. Seller is a mortgagor conveying the mortgaged property to a mortgagee in foreclosure in a transfer in lieu of foreclosure with no additional consideration.
4. Seller, transferee, or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. Seller is not an individual, estate, or trust and is not required to make an estimated Gross Income Tax payment.
6. The total consideration for the property is \$1,000 or less so that seller is not required to make an estimated income tax payment.
7. The gain from the sale is not recognized for federal income tax purposes under 26 U.S. Code section 721, 1031, or 1033 (CIRCLE THE APPLICABLE SECTION). If the indicated section does not otherwise apply to this transaction, the seller acknowledges the obligation to file a New Jersey Income Tax return for the year of the sale and report the recognized gain.
8. Seller did not receive non-like kind property.
9. The real property is being transferred by an executor, administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this State.
10. The real property being sold is subject to a short sale instituted by the mortgagee, whereby the seller agreed not to receive any proceeds from the sale and the mortgagee will receive all proceeds paying off an agreed amount of the mortgage.
11. The deed is dated prior to August 1, 2004, and was not previously recorded.
12. The real property is being transferred under a relocation company transaction where a trustee of the relocation company buys the property from the seller and then sells the house to a third party buyer for the same price.
13. The real property is being transferred between spouses or incident to a divorce decree or property settlement agreement under 26 U.S. Code section 1041.
14. The property transferred is a cemetery plot.
15. The seller is not receiving net proceeds from the sale. Net proceeds from the sale means the net amount due to the seller on the settlement sheet.
16. The seller is a retirement trust that received an acknowledgment letter from the Internal Revenue Service that the seller is a retirement trust, and is therefore not required to make the estimated Gross Income Tax payment.
17. The seller (and/or spouse/civil union partner) originally purchased the property while a resident of New Jersey as a member of the U.S. Armed Forces and is now selling the property as a result of being deployed on active duty outside of New Jersey. (Only check this box if applicable and neither boxes 1 nor 2 apply.)

Signature Certification

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein may be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete. By checking this box I certify that a Power of Attorney to represent the seller(s) has been previously recorded or is being recorded simultaneously with the deed to which this form is attached.

Date November 30, 2022

Date November 30, 2022

Date

Signature (Seller) indicates if Power of Attorney or Attorney In Fact
 Romanus U. Bucina
 Patricia M. Bucina

Signature (Seller) indicates if Power of Attorney or Attorney In Fact
 Patricia M. Bucina

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

Chapter 48, P.L. 1988, as amended through Chapter 23, P.L. 2000 (S.A.A. 48:15-6 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY

FOR RECORDING USE ONLY
Consideration \$ 300,000.00
RTP Fee by seller \$ 325.00
Date 12/16/99

COUNTY Orange 03 City/Municipal Code
MUNICIPALITY OF PROPERTY LOCATION Orange

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE (See Instructions 60 and 64 on reverse side)

Deponent, Thomas H. Russo being duly sworn according to law upon his oath, deposes and says that he/she is the (Name) Grantor in a deed dated 11/30/99 transferring (Name, Legal Representative, Corporate Officer of the Company, Land-Trustee, etc.) real property identified as Block number 0105 Lot number 3 located at 010 Orchard Road, Orange and assessed therein (Street Address, Town)

(2) CONSIDERATION \$ 300,000.00 (Instructions 61 and 65 on reverse side) No prior mortgage to which property is subject.

(3) PROPERTY INTEREST IN CLASS 4A 40 40 40 (Instructions 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100) (Instructions 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100) If property transferred in Class 4A, calculation in Section 10 below is required.

(4) UNIFORMED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSFERS (See Instructions 92A and 97 on reverse side)
Total Assessed Valuation + Director's Ratio = Equalized Assessed Valuation

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. (Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized valuation.)

(5) FULL EXEMPTION FROM FEE (See Instruction 69 on reverse side)
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 48, P.L. 1988, as amended through C. 68, P.L. 2004, for the following reason(s). (Make reference to exemption symbol to facilitate reference to deed.)

(6) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side)
FOR THE ALL FORMS LISTED BELOW, ALL BOXES IN APPROPRIATE CATEGORIES MUST BE CHECKED. Failure to do so will void claim for partial exemption. Deponent states that this deed transaction is partially exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by C. 17B, P.L. 1975, C. 110, P.L. 1981, and C. 68, P.L. 2004 for the following reason(s):

A. SENIORS OR ELDERLY (65 years of age or over)
B. BLIND PERSON
 DISABLED PERSON (permanently and totally disabled) Working disability payments not publicly employed
For citizens, blind persons, or disabled persons must also check the following criteria:
 Married and cohabited by grantor at time of sale.
 One or two family residential premises.
 No job transfer must be made.

IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION, OR DOMESTIC PARTNER, BOTH OR ONE GRANTEE NEED CHECKED IF TENANTS BY THE ENTIRETY.

C. LOW AND MODERATE INCOME HOUSING (Instructions 70 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Affordable according to H.A.A.D. standards
 Multi-family residential premises
 Reserved for occupancy
 Subject to state control.

(7) REAL PROPERTY TRANSFER (Instructions 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(8) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(9) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(10) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(11) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(12) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(13) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(14) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(15) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(16) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(17) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(18) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(19) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

(20) PARTIAL EXEMPTION FROM FEE (Instructions 69 on reverse side) IF APPLIES ALL BOXES MUST BE CHECKED.
 Not previously exempt
 Not previously accepted
 THIS DOCUMENT MUST BE PLACED CLEARLY AT TOP OF FIRST PAGE OF THE DEED.

Subscribed and sworn to before me on 30 day of November, 2000
George M. Blum
Attorney at Law
State of New Jersey

Thomas H. Russo
Signature of Deponent
010 Orchard Road, Orange, NJ 07060
Deponent Address
www.nj.gov
Last four digits in County's Social Security Number

Thomas H. Russo and Patricia K. Russo
Grantor Name
010 Orchard Road, Orange, NJ 07060
Grantor Address at Time of Sale
Quarterm 100, LLC

FOR OFFICIAL USE ONLY
Notarized Number Essex
Date 11/16/99
Notary Public

County assessing officers shall forward one copy of each RTP-1 form when Section 3A is completed to:

STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08646-0251
ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division of Taxation website at: www.state.nj.com/treasury/taxation/propertytax.htm

The street address of the Property is:
013 Scotland Road, Orange, NJ 07060

- 4. **Promise 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. 46:40). 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).
- 5. **Signatures.** The Grantor signs this Deed as of the date set forth on the first page. (Print name below each signature.)

Witnessed or Attested by:

George M. Bloom, Esq. As to Both ROMANUS U. IHUOMA (Seal)
PATRICIA N. IHUOMA (Seal)

STATE OF NEW JERSEY, COUNTY OF ESSEX SS:

I CERTIFY that on 30, 2022,

ROMANUS U. IHUOMA and PATRICIA N. IHUOMA, husband and wife personally came before me and stated to my satisfaction that this person (or if more than one, each person):

- (a) was the maker of this Deed;
- (b) executed this Deed as his or her own act; and
- (c) made this Deed for \$ 300,000.00 as the full and actual consideration paid or to be paid for the transfer of title. (Such consideration is defined in N.J.S.A. 46:15-5.)

RECORD AND RETURN TO:
 Universal Title, LLC
 601 Chase Avenue, Ste. 304
 Lakewood, NJ 08701

George M. Bloom
 Attorney at Law State of New Jersey
 Print name and title below signature

CONTRACT OF SALE AND PURCHASE OF REAL ESTATE

THIS CONTRACT OF SALE AND PURCHASE OF REAL ESTATE (the "Contract") is made this ~~5~~^{November} day of ~~July~~, 2021 (the "Effective Date") by and among, ADAM PATRICK, an individual, having an address of 611 Scotland Rd, Orange New Jersey 07050 (referred to herein as the "Seller") and QL DEVELOPERS LLC, a New Jersey limited liability company, its successors and or assigns, having an address of 5308 13th Avenue, #197, Brooklyn NY 11219 (the "Buyer").

1. **Agreement.** For the consideration hereinafter set forth, but subject to the terms, provisions, covenants, and conditions herein contained, Seller agrees to sell and to convey, and Buyer agrees to purchase and to pay for certain real properties commonly known as 611 Scotland Rd, Orange, New Jersey 07050 and shown on the Tax Map of the City of Orange as Block 6105, Lot 2, and being about 4,000 square feet (hereinafter referred to as "611 Scotland Rd"). 611 Scotland Road shall be referred to herein as the "Property".

2. **Purchase Price.** The purchase price to be paid by Buyer to Seller for Seller's interest in the Property is Two Hundred and Eighty Five Thousand and 00/100 (\$285,000.00) Dollars (the "Purchase Price"), and which shall be paid as follows:

2.1.1 Within two (2) business days after Buyers receipt of a fully executed contract, Buyer shall deliver a good check in the amount of Six Thousand and 00/100 Dollars (\$6,000.00) (the "First Deposit") to be deposited and held in Buyer's Title company account and to be held in escrow until the closing (hereinafter defined).

2.1.2 The balance of the Purchase Price at the closing by good bank, cashier's or certified check payable to Seller's order or, by wire transfer of federal funds. This is an all-cash transaction and not contingent on financing, provided however that Buyer may apply for financing for it's own convenience, in which case the Buyer shall compensate the Seller for additional attorneys fees in the amount of \$1000.00.

3.0 **Buyer's Study and Approval Period.**

3.1 **Due Diligence Documents.** Within five (5) days of the Effective Date, Seller shall provide or cause to be provided any and all documentation in its possession that relates to the potential ownership and use of the Property. Said documents shall include, but not necessarily be limited to, deeds, title insurance policies, boundary and topographic surveys, environmental tests, studies and reports and leases, if any (the documents shall collectively be referred to as the "Due Diligence Documents").

3.2 **Due Diligence Contingency.** Buyer shall have a period of sixty (60) calendar days from the receipt of the fully-executed contract (the "Due Diligence Period"), to inspect, examine, and investigate to its full satisfaction, the Property and the uses thereof, including,

losses, damages, penalties and costs arising from environmental conditions or the presence of hazardous substances at, migrating onto, or emanating from the Property.

(j) EXCEPT AS PROVIDED IN THIS AGREEMENT OR IN SUCH SELLER'S CLOSING DOCUMENTS, THE RESPECTIVE PROPERTY WILL BE DELIVERED IN ITS "AS IS," "WHERE IS" PHYSICAL CONDITION, SUBJECT TO ALL FAULTS, ENVIRONMENTAL OR OTHERWISE, INCLUDING BOTH LATENT AND PATENT DEFECTS, WITHOUT WARRANTY OF ANY KIND. BUYER HEREBY WAIVES ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND BUYER RELEASES AND AGREES NOT TO ASSERT ANY CLAIM WHICH MAY BE ASSERTED AGAINST EACH APPLICABLE SELLER REGARDING THE CONDITION AND USE OF THE PROPERTIES. EXCEPT IN THE EVENT OF ANY WILLFUL MISCONDUCT, FRAUD OR CONCEALMENT OF MATERIAL INFORMATION COMMITTED BY SUCH SELLER, SUCH SELLER'S COMPLETE LIABILITY WITH RESPECT TO THE ENVIRONMENTAL AND OTHER CONDITIONS OF THE RESPECTIVE PROPERTY SHALL BE LIMITED TO COMPLIANCE WITH THE EXPRESS UNDERTAKINGS BY SUCH SELLER SPECIFICALLY PROVIDED UNDER THIS AGREEMENT, IF ANY. BUYER REPRESENTS AND WARRANTS TO EACH SELLER THAT BUYER HAS ENTERED INTO THIS AGREEMENT WITHOUT RELYING UPON ANY REPRESENTATION OR WARRANTY BY SUCH SELLER AS TO THE CONDITION OF THE PROPERTIES, EXCEPT AS EXPRESSLY PROVIDED FOR HEREIN.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

Patrick Adams SELLER November 5 2021

[Signature] BUYER November 4 2021

Addendum No. 1 to Contract of Sale
611 Scotland Road, Orange

Patrick Adams

ADAM PATRICK and QI DEVELOPERS I LC agree as follows:

1. The Contract of Sale dated November 5, 2021 is reaffirmed by the parties, as modified herein.
2. The New Purchase Price to be paid by buyer to seller is Three Hundred and Five Thousand and 00/100 (\$305,000.00).
3. The parties agree that Due Diligence is completed and Buyer declines to cancel the contract, provided however that the Buyer shall have the right to conduct further testing for asbestos conditions.
4. Paragraph 3.3 is modified to the effect that the Buyer's right of cancellation due to the denial of Municipal Approvals shall be at its option. Seller waives any rights of cancellation of the Contract, other than due to the Buyer's material breach.
5. If the Seller is unable to convey title according to the terms of this Contract, the Buyer shall have the right to cancel this Contract, and shall receive a refund of the deposit, ~~and shall have the right to recover from the Seller the reasonable cost of development and approval expenses.~~
6. The contract of sale is assigned from QI Developers LLC to Scotland Ventures LLC in accordance with contract
7. Paragraph 22(i) is deleted.
8. This Addendum may be signed electronically and in counterparts with the same force and effect as original signatures.

Patrick Adams
Adam Patrick

July 13, 2022

QI Developers LLC

By: 
Solomon Goldberger, Member, Buyer

July 27, 2022

Scotland Ventures I, LC
By: 
Solomon Goldberger, Member, Buyer

July 27, 2022

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT, made this 23 day of March, 2021, (the "Effective Date") between FRANKLIN CAPUTO AND ROBERT CAPUTO, having an address at 817 Scotland Road, Orange, New Jersey 07050 (the "Seller") and QL Developers LLC, and/or assigns, as herein permitted, having an address at 5308 13 AVE #1A7 (the "Purchaser").
Brooklyn, NY 11219

Preliminary Statement

WHEREAS, the Seller owns certain real properties located in City of Orange, County of Essex and State of New Jersey, more particularly described in Schedule A, attached ("Property"); and

WHEREAS, the Seller desires to sell such Property to the Purchaser, and the Purchaser desires to purchase such Property, all on the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the covenants and mutual promises contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Seller and the Purchaser hereby agree as follows:

1. Sale and Purchase. On the terms and conditions hereinafter provided, the Seller shall sell and convey to the Purchaser, and the Purchaser shall purchase, the Property (as such term is hereinafter defined).

2. Property. As used herein, the "Property" means that certain tracts of land situated in the City of Orange, County of Essex and State of New Jersey, being more particularly described on Schedule A attached hereto identified as Block 8105, Lot 4 on the official Municipal Tax Map of the City of Orange, Essex County, New Jersey; together with all buildings and improvements thereon and fixtures attached thereto; together with all rights, privileges, tenements, hereditaments, rights of way, easements, appendages and appurtenances of such land. The Property consists of vacant land.

2 Price. The purchase price of the Property shall be NINE HUNDRED THOUSAND AND 00/100 (\$900,000.00) DOLLARS, subject to closing adjustments as hereinafter provided. Such amount shall be payable as follows:

- (a) Upon the execution and delivery of this Agreement, the sum of \$30,000.00, (the "Deposit"), shall be delivered to Bendit Weinstock Attorney Trust Account.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

By: Franklin Caputo
FRANKLIN CAPUTO

By: Robert Caputo
ROBERT CAPUTO

Mark F. Heinze
MARK F HEINZE

QL Developers LLC
By: Solomon Goldberger
SOLOMON GOLDBERGER,
MANAGER



STATEWIDE NEW JERSEY REALTORS® STANDARD FORM OF REAL ESTATE SALES CONTRACT

©2016 New Jersey REALTORS®, Inc. THIS FORM MAY BE USED ONLY IN THE SALE OF A ONE TO FOUR-FAMILY RESIDENTIAL PROPERTY OR VACANT ONE-FAMILY LOTS. THIS FORM IS SUITABLE FOR USE ONLY WHERE THE SELLER HAS PREVIOUSLY EXECUTED A WRITTEN LISTING AGREEMENT.

THIS IS A LEGALLY BINDING CONTRACT THAT WILL BECOME FINAL WITHIN THREE BUSINESS DAYS. DURING THIS PERIOD YOU MAY CHOOSE TO CONSULT AN ATTORNEY WHO CAN REVIEW AND CANCEL THE CONTRACT. SEE SECTION ON ATTORNEY REVIEW FOR DETAILS.

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13 LEAD-BASED PAINT AND/OR LEAD-BASED PAINT HAZARD
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1. PARTIES AND PROPERTY DESCRIPTION:

QL Developers LLC ("Buyer"), ("Buyer"), ("Buyer"), ("Buyer"), whose address is/are 5308 13th Avenue, Suite 197, Brooklyn, NY 11219

AGREES TO PURCHASE FROM

Clarence Marvin Drawry ("Seller"), ("Seller"), ("Seller"), whose address is/are 519 Beach Street, Orange, NJ 07050

THROUGH THE BROKER(S) NAMED IN THIS CONTRACT AT THE PRICE AND TERMS STATED BELOW, THE FOLLOWING PROPERTY:

Property Address: 519 Beach Street, City of Orange, NJ 07050 shown on the municipal tax map of City of Orange Township County Essex as Block 6105 Lot 5 (the "Property"). THE WORDS "BUYER" AND "SELLER" INCLUDE ALL BUYERS AND SELLERS LISTED ABOVE.

2. PURCHASE PRICE:

Table with 2 columns: Description and Amount. Rows include: TOTAL PURCHASE PRICE (\$ 295,000.00), INITIAL DEPOSIT (\$ 1,000.00), ADDITIONAL DEPOSIT (\$), MORTGAGE (\$), BALANCE OF PURCHASE PRICE (\$ 294,000.00)

Buyer's Initials:

Seller's Initials:

EXHIBIT 8
NARRATIVE DESCRIPTION OF THE PROJECT

NARRATIVE DESCRIPTION OF PROJECT

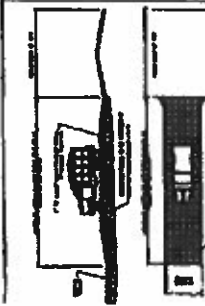
Including the height and bulk of proposed improvements, type of construction materials to be used and expected square foot area of each proposed use. Describe each type of unit to be constructed as part of the project as well as any restrictions relating to age or income. Include maps, renderings, floor plans and other graphic materials if available.

The Applicant received site plan approval from the City Planning Board to construct a six-story multifamily residential building. The proposed building will contain a total of seventy-eight (78) apartments, which include a mix of studios (3), one-bedrooms (30), one-bedrooms with a den (20) and two-bedrooms (25). Each apartment will include a living/dining area, a kitchen, bathroom(s) and bedroom(s). Each apartment will also have laundry facilities within them.

The proposed building will include a two-level parking garage. The subject site increases in grade from the west to the east and from the south to the north. The Applicant has used this condition to accommodate two levels of parking. The basement level garage will accommodate forty (40) parking stalls and first floor garage will accommodate seventeen (17) parking stalls. Amenities include a lobby, fitness room, lounges, a common area terrace and private terraces.

EXHIBIT 9
SITE PLAN AS APPROVED BY PLANNING BOARD

THIS PLAN IS TO BE USED FOR SOIL EROSION CONTROL PURPOSES ONLY



NO.	DESCRIPTION	QTY	UNIT
1	CONCRETE CURB	100	LINEAL FEET
2	GRATE	100	SQ. FEET

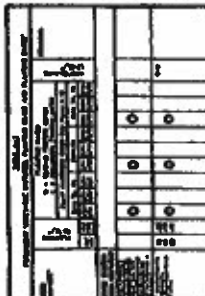
GENERAL NOTES:
 1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, AS APPLICABLE.
 2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES.
 3. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT PROPERTIES AND UTILITIES AT ALL TIMES.



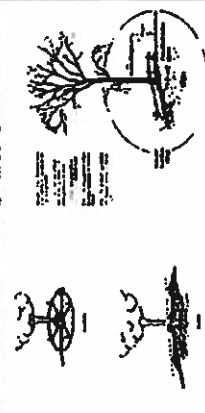
TREE PROTECTION DETAIL:
 1. ALL TREES TO REMAIN SHALL BE PROTECTED BY A CONCRETE CURB AND GRATE SYSTEM.
 2. THE CURB SHALL BE 18" HIGH AND 12" WIDE.
 3. THE GRATE SHALL BE 18" X 18" SQUARE.



TOPSOIL STOCKPILING DETAIL:
 1. ALL TOPSOIL STOCKPILES SHALL BE PROTECTED BY A CONCRETE CURB AND GRATE SYSTEM.
 2. THE CURB SHALL BE 18" HIGH AND 12" WIDE.
 3. THE GRATE SHALL BE 18" X 18" SQUARE.



SILT FENCE DETAIL:
 1. ALL SILT FENCES SHALL BE CONSTRUCTED WITH A 24" X 24" WOOD POST AND A 2" X 4" WOOD RAIL.
 2. THE FILTER FABRIC SHALL BE 12" WIDE AND 12" HIGH.



TRENCH DRAIN INLET PROTECTION DETAIL:
 1. ALL TRENCH DRAIN INLETS SHALL BE PROTECTED BY A CONCRETE CURB AND GRATE SYSTEM.
 2. THE CURB SHALL BE 18" HIGH AND 12" WIDE.
 3. THE GRATE SHALL BE 18" X 18" SQUARE.

THE LOTS & S
 421 - 423 SCOTLAND ROAD
 ROCK HILL, S.C.
SOIL EROSION AND SEDIMENT CONTROL NOTES & DETAILS
 1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, AS APPLICABLE.
 2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES.
 3. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT PROPERTIES AND UTILITIES AT ALL TIMES.

ADRIAN A. HARRIS, P.E., C.E.
ADRIAN ENGINEERING, INC.
 1000 W. 10th Street, Suite 100
 Rock Hill, SC 29730
 Phone: (803) 781-1111
 Fax: (803) 781-1112
 Email: aaharris@adrianeng.com

S-02
 SHEET NO.

EXHIBIT 10
SITE PLAN APPROVAL RESOLUTION

PLANNING BOARD

The City of Orange Township
New Jersey



Date 01/25/2023

Case No. 22-15

TITLE: RESOLUTION OF MEMORIALIZATION

Applicant: Scotland Ventures LLC
Preliminary & Final Major Site Plan

WHEREAS, Scotland Ventures LLC ("Applicant") submitted an Application to City of Orange Township Planning Board ("Board") for Preliminary and Final Major Site Plan approval to construct a new 6 story building with 78 residential units and 57 off-street parking spaces on property identified as Block 6105, Lots 1, 3 & 4 on the Official Tax Map of the City of Orange Township ("City" or "Orange"), commonly known as 611-617 Scotland Road (collectively "Property"); and

WHEREAS, the Property is situated within the Central Valley Rehabilitation Area - District 4, subject to the Central Valley Redevelopment Plan where this use is permitted; and

WHEREAS, the Applicant has presented proof that, at least 10 days prior to the date scheduled for the hearing on this application, adequate notice of this application was published in an official newspaper and served on the neighboring property owners within 200 feet of the Property in accordance with the applicable law; and,

WHEREAS, the Application reviewed by the Board consisted of the following plans and/or reports:

<u>Document Title</u>	<u>Date</u>
Application for Development	September 24, 2022
Topographic Location Survey Map of Property Located at 611-617 Scotland Road, 517-519 Beach Street, Situated in the Township of Orange, Essex County, New Jersey, Block 6105 Lots 2, 3, 4& 5, prepared by V4 Land Surveying, PLLC	November 10, 2021
Site Plans (10 sheets) titled, Preliminary And Final Site Plan, 611 -617 Scotland Road, 517 -519 Beach Street, Tax Lots 2, 3, 4 & 5, Block 6105, Township of Orange, Essex County, New Jersey prepared by AWZ Engineering, Inc	May 9, 2022 rev. November 11, 2022

Architectural Plans (18 sheets) titled, 617 Scotland Road, Orange, NJ07050, Block: 6105, Lots: 2, 3, 4 & 5, Six Story Mixed-Use, Multi-Family Building, 78 Dwelling Units, 57 Parking Spaces, prepared by Devino Aiello and Associates

June 16, 2022
rev. July 25, 2022
rev. November 10, 2022

Stormwater Management Report,
prepared by AWZ Engineering, Inc.

July 25, 2022

Planning Review Memorandum by Gerard M. Haziell, PP, AICP of Nishuane Group LLC

November 22, 2022

Engineering Review Memorandum by
CP Professional Services

November 21, 2022

WHEREAS, a public hearing was held on this application in a virtual session on December 14, 2022, with Elnardo Webster, Esq. of Inglesino Webster Wyciskala & Taylor, LLC presenting the application to the Board on behalf of the Applicant; and,

WHEREAS, during the virtual public hearing held on December 14, 2022, the Board heard testimony from the Applicant's professionals, including its engineer, architect and planner, as well as from the Board Professionals, and opened the meeting to comments from members of the public in relation to the application; and,

WHEREAS, during the virtual public hearing held on December 14, 2022, the Board voted to grant the Application for Preliminary and Final Major Site Plan Approval, subject to certain conditions, as reflected in the findings set forth below; and,

WHEREAS, after careful consideration of all evidence, the Board finds and concludes that: the Applicant has established good cause for preliminary and final major site plan approval, having satisfied its burden of proof pursuant to the Municipal Land Use Law ("MLUL"), and its proposed development will advance the purposes of the MLUL; and,

WHEREAS, this Resolution incorporates by reference all discussions, exhibits and testimony presented at the virtual public hearing on December 14, 2022, as if set forth at length herein.

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING BOARD OF THE CITY OF ORANGE TOWNSHIP, that this Resolution of Memorialization be, and hereby is, adopted and that the application for Preliminary and Final Major Site Plan Approval is hereby granted, subject to the following conditions:

1. All of the recitals hereinabove set forth are incorporated herein by reference.

2. To the extent not already satisfied, Applicant shall comply with all the conditions of Board Engineer, as reflected in his reports as agreed by the Applicant on the record, and such conditions shall be incorporated by reference herein and shall be considered to be conditions of approval. To the extent not already satisfied, Applicant shall comply with all the conditions of Board Planner, as reflected in his report as agreed by the Applicant on the record, and such conditions shall be incorporated by reference herein and shall be considered to be conditions of approval.

3. The Site Plan shall be updated to reflect all changes agreed to at the hearing and the Board Professionals' reports.

4. All other State, County, and Municipal regulatory agency reviews that may be necessary must be obtained.

5. No construction permits of any kind shall be issued by the Construction Code Official of the City of Orange Township until all Board escrow fees have been paid, a Resolution of Approval has been memorialized and appropriately executed by the Board, and the Construction Code Official has received final plans appropriately signed by the Board Chairman, Board Secretary and Board Engineer.

6. Pursuant to the provisions of *N.J.S.A. 40:55D-39* and *N.J.S.A. 40:55D-65*, the Applicant shall provide proof that no taxes or assessments for local improvements are due on the Property.

7. Prior to the initiation of construction activities, the Applicant shall provide inspection escrow funds in accordance with Orange Municipal Code § 210-56 for fees associated with engineering construction inspection of this project.

8. Applicant shall file for and obtain approvals and any other such permits as may be applicable to the site from the County of Essex, State of New Jersey, and any federal agency. Applicant agrees to this as an express condition of approval.

9. Applicant, if it installs security cameras on and around the site, shall ensure that video footage shall be maintained and stored for later access by the Orange Police Department if requested. Applicant will advise Orange Police Department of its cameras and shall work with Police to ensure that footage is viewable and transferrable to the Orange Police Department. Applicant agrees to this as an express condition of approval.

10. Applicant, if it installs security cameras on and around the site, shall ensure that video footage shall be maintained and stored for later access by the Orange Police Department if requested. Applicant will advise Orange Police Department of its cameras and shall work with Police to ensure that footage is viewable and transferrable to the Orange Police Department. Applicant agrees to this as an express condition of approval.

11. Applicant has agreed to not initiate a separate bill to tenants for on-site parking.

12. Applicant agrees as a condition of approval to interface with municipal officials as to the types and varieties of trees, shrubbery and other landscaping on site to ensure a diverse selection as well as visually appropriate.

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Motion to Approve Site Plan

Motion Date: December 14, 2022

M	2d	Member		AYE	NAY	NV	N/P
<input type="checkbox"/>	<input type="checkbox"/>	HOLMES, Dwight	Board Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	JONES, Antoinette	Board Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	WARREN, Hon. Dwayne D.	Mayor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	EASON, Hon. Tency A.	Councilmember	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	MOBLEY, Christopher		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	ONYIUIKE, Callistus		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	FAUSTIN, Enoch		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

M: Motion
 2d: Second
 NV: No Vote
 (Abstain/Excused)
 N/P: Not Present

Vote Totals: **6** | **0** | **0** | **1** | Approved Rejected

Motion to Approve Resolution

Motion Date: January 25, 2023

M	2d	Member		AYE	NAY	NV	N/P
<input type="checkbox"/>	<input type="checkbox"/>	HOLMES, Dwight	Board Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	JONES, Antoinette	Board Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	WARREN, Hon. Dwayne D.	Mayor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	EASON, Hon. Tency A.	Councilmember	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOBLEY, Christopher		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	ONYIUIKE, Callistus		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	FAUSTIN, Enoch		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

M: Motion
 2d: Second
 NV: No Vote
 (Abstain/Excused)
 N/P: Not Present

Vote Totals: **6** | **0** | **1** | **0** | Approved Rejected

I hereby certify the foregoing Resolution was adopted by the Planning Board of the City of Orange Township at its meeting on January 25, 2023, and that said resolution memorializes the action of the Planning Board taken at its meeting on December 14, 2022.


 Dwight Holmes
 Planning Board Chair


 Alexandra Rojas
 Planning Board Secretary

Approved as to form and legality:


 Joseph Wenzel, Esq.
 Planning Board Attorney

EXHIBIT 11
TOTAL PROJECT COST ESTIMATE



PRELIMINARY PROJECT CONSTRUCTION COST ESTIMATE

Date: 17 February 2023

Re: 617 Scotland Road
Orange, NJ

Item	Value	Percentage
Hard Costs	\$ 17,341,500.00	89.1%
Soft Costs	\$ 2,115,663.00	10.9%
Project Cost	\$ 19,457,163.00	100%

Construction Division Breakdown	Cost	
Division 01 - General Requirement	\$ 1,724,130.00	10.0%
Division 02 - Site Construction	\$ 867,073.00	5.0%
Division 03 - Concrete	\$ 953,782.50	5.5%
Division 04 - Masonry	\$ 832,362.00	4.8%
Division 05 - Metals	\$ 348,830.00	2.0%
Division 06 - Wood and Plastics	\$ 1,800,516.00	10.4%
Division 07 - Thermal and Moisture Protection	\$ 988,443.50	5.7%
Division 08 - Doors and Windows	\$ 1,283,929.50	7.3%
Division 09 - Finishes	\$ 1,422,003.00	8.2%
Division 10 - Specialties	\$ 312,147.00	1.6%
Division 11 - Equipment	\$ 433,537.50	2.5%
Division 12 - Furnishings	\$ 294,806.50	1.7%
Division 13 - Special Construction	\$ 381,513.00	2.2%
Division 14 - Conveying Systems	\$ 320,245.00	3.0%
Division 15 - Mechanical/Plumbing	\$ 2,401,225.00	13.0%
Division 16 - Electrical	\$ 2,583,883.00	14.9%
Sub Total	\$ 17,341,500.00	100.0%

Number of Units	78
Total Cost per Dwelling Unit (all units)	\$ 249,450.81

Project Cost by Dwelling Unit Type		% Unit Type *	
Studio (Average) - 3 units	\$ 173,838.41	2.71%	\$ 526,915.22
1 Bedroom (Average) - 30 units	\$ 216,471.85	13.38%	\$ 6,494,155.61
1 Bedroom + (Average) - 20 units	\$ 225,873.97	23.22%	\$ 4,517,479.82
2 Bedroom (Average) - 25 units	\$ 316,744.51	40.70%	\$ 7,918,812.85
			\$ 19,457,163.00

* Percentage of each unit type is based on total area of units

Building Area [SF]	105100
Hard Cost per Square Foot	\$ 165.00
Total Cost per Square Foot	\$ 185.13
Total net area of Dwelling Units	63360
Total net area of Commercial Units	0
Total area of Parking	23003
Total Amenity area	1200
Efficiency Ratio	80%

* Efficiency Ratio is net area of dwelling unit + commercial units divided by gross building area excluding parking area.

I certify that the above costs represent a fair estimate of the total construction costs of the proposed new building as of the dated today's date.

Brian M. Taylor, AIA, Architect
NJRA A115286

EXHIBIT 12
COST ESTIMATE FOR EACH UNIT TYPE

PRELIMINARY PROJECT CONSTRUCTION COST ESTIMATE

Date: 17 February 2023

Re: 617 Scotland Road
Orange, NJ

Item	Value	Percentage
Hard Costs	\$ 17,341,500.00	89.1%
Soft Costs	\$ 2,115,663.00	10.9%
Project Cost	\$ 19,457,163.00	100%

Construction Division Breakdown	Cost	
Division 01 — General Requirement	\$ 1,794,150.00	10.0%
Division 02 — Site Construction	\$ 887,073.00	5.0%
Division 03 — Concrete	\$ 953,782.50	5.5%
Division 04 — Masonry	\$ 432,392.00	4.8%
Division 05 — Metals	\$ 348,830.00	2.0%
Division 06 — Wood and Plastics	\$ 1,908,336.00	10.4%
Division 07 — Thermal and Moisture Protection	\$ 988,465.50	5.7%
Division 08 — Doors and Windows	\$ 1,265,929.50	7.3%
Division 09 — Finishes	\$ 1,422,063.00	8.2%
Division 10 — Specialties	\$ 312,147.00	1.6%
Division 11 — Equipment	\$ 433,537.50	2.5%
Division 12 — Furnishings	\$ 294,805.50	1.7%
Division 13 — Special Construction	\$ 381,313.00	2.3%
Division 14 — Conveying Systems	\$ 570,365.00	3.0%
Division 15 — Mechanical/Plumbing	\$ 2,601,329.00	15.0%
Division 16 — Electrical	\$ 2,583,883.50	14.9%
Sub Total	\$ 17,341,500.00	100.0%

Number of Units	78
Total Cost per Dwelling Unit (all units)	\$ 249,450.81

Project Cost by Dwelling Unit Type		% Unit Type *	
Studio (Average) - 3 units	\$ 175,638.41	2.71%	\$ 526,915.22
1 Bedroom (Average) - 30 units	\$ 216,473.45	33.38%	\$ 6,494,155.61
1 Bedroom + (Average) - 20 units	\$ 225,873.97	23.22%	\$ 4,517,479.32
2 Bedroom (Average) - 25 units	\$ 318,744.51	40.70%	\$ 7,918,612.85
			\$ 19,457,163.00

* Percentage of each unit type is based on total area of units

Building Area (SF)	105100
Hard Cost per Square Foot	\$ 165.00
Total Cost per Square Foot	\$ 185.13

Total net area of Dwelling Units	65360
Total net area of Commercial Units	0
Total area of Parking	23003
Total Amenity area	1200
Efficiency Ratio	80%

* Efficiency Ratio is net area of dwelling unit + commercial units divided by gross building area excluding parking area.

I certify that the above costs represent a fair estimate of the total construction costs of the proposed new building as of the dated today's date.

Brian M. Taylor, AIA, Architect
NJRA A115286

EXHIBIT 13
PROJECT PRO FORMA



617 Scotland Road

Project Data

Building Area (SF)	105100
Construction Cost	\$ 17,341,500.00
Acquisition Costs	\$ 3,120,000.00
Owner's Equity	

Residential Income

Number of Studios	3
Number of 1 Bedrooms	30
Number of 1 Bedrooms +	20
Number of 2 Bedrooms	25
Total units	78
Rental income for Studio	\$ 1,850.00
Rental income for 1B	\$ 2,400.00
Rental income for 1B+	\$ 2,500.00
Rental income for 2B	\$ 2,800.00
Annual Residential Income	\$ 2,370,600.00

Retail Income

Retail Area (SF)	0
Retail Income / SF	\$ 25.00

Storage Income

Storage Area (SF)	0
Storage Income / SF	\$ 1,000.00
Annual Retail / Storage Income	\$ -

Miscellaneous Income

number of Parking Spaces	58
Cost per space per year	\$ -
Annual Parking Income	\$ -

Gross Revenue	\$ 2,370,600.00
Vacancy Rate	5% \$ 118,530.00
Effective Gross Revenue	\$ 2,252,070.00
Operating Expenses	\$ 788,224.50

NOI **\$ 1,463,845.50**



617 Scotland Road

Construction Cost

Building Area (SF)		105100	
Cost / SF	\$	165.00	
Total hard cost	\$	17,341,500.00	
Total / SF	\$	165.00	
Site Improvement Estimate	\$	-	included
Grand total	\$	17,341,500.00	
Cost / SF with Site	\$	165.00	



617 Scotland Road

Operating Expenses		Unit Cost	Notes
Property Taxes	\$ 237,060.00		10% PILOT
Insurance	\$ 39,000.00	\$ 500.00	per door
Repairs/Maintenance	\$ 46,800.00	\$ 600.00	per door
General Administrative	\$ 19,500.00	\$ 250.00	per door
Property Management	\$ 118,530.00		5% 5% of Rental Income
Utilities (CAM)	\$ 39,000.00	\$ 500.00	per door
Contract Services	\$ 58,500.00		\$750 per door
Payroll	\$ 140,400.00	\$ 1,800.00	per door
Marketing	\$ 15,600.00	\$ 200.00	per door
Parking	\$ -	\$ -	per door
Total	\$ 714,390.00		
 Capital replacement reserves	 \$ 31,200.00	 \$	 400.00 per door
 % of Effective Gross Income	 32%		
Operating Expense (Est.)	35%		
Operating Expense (Est.)	\$ 788,224.50		
 Number of units	 78		
PILOT rate	10%		

617 Scotland Road

Underwriting

Sources & Uses

Land Acquisition	\$ 3,120,000.00
Construction Cost	\$ 17,341,500.00
Total Soft Cost	\$ 2,102,000.00
Financing Costs	\$ 1,700,000.00
Community Benefit	\$ 250,000.00
Total Uses	\$ 24,513,500.00

Construction Financing

Financing	\$ 17,159,450.00	70%
Equity	\$ 7,354,050.00	30%
Debt Service	\$ 1,544,350.50	
Loan Interest (IO)	9%	
Underwritten Stabilized NOI	\$ 1,537,680.00	
Construction loan DSCR	1.00	
Net Cash Flow	\$ (6,670.50)	

Stabilized Return

Cap Rate on Development	6.3%	
Refi Cap Rate	6.0%	
Refi Valuation	\$ 25,628,000.00	\$ 328,564.10 per unit
Cost of Refi	\$ 384,420.00	1.5%
Refi Proceeds	\$ 16,658,200.00	65% DCSR Constrained
Net Equity	\$ 7,470,880.00	
Refi Annual Debt Service	\$1,146,173.94	
Refi Loan Interest	5.50%	
Monthly loan payment	\$95,514.50	
Term of loan (years)	30	
DSCR	1.34	
NCF after Debt + Repl. Reserves	\$ 360,306.06	
COC Return	4.8%	

Income

Residential Income (Annual)	\$ 2,370,600.00
Retail Income (Annual)	\$ -
Gross Income	\$ 2,370,600.00
Effective Gross Income (-5% vac)	\$ 2,252,070.00
Operating Expenses	\$ 714,390.00
Net Operating Income (NOI)	\$ 1,537,680.00

617 Scotland Road

Cash Flow

	Construction	Construction	Lease Up	Year 1	Year 2
Gross Potential Income	\$ -	\$ -	\$ -	2,370,600	2,418,012
Vacancy & Credit Loss	\$ -	\$ -	\$ -	118,530	120,901
Effective Gross Income	\$ -	\$ -	\$ -	2,252,070	2,297,111
Operating Expenses	\$ -	\$ -	\$ -	477,330	491,650
PILOT	\$ -	\$ -	\$ -	237,050	241,801
Net Operating Income	\$ -	\$ -	\$ -	1,537,690	1,563,660
Operating Margin	na	na	na	68.3%	68.1%
CAPEX	\$ 14,708,100	\$ 9,805,400		31,200	31,200
CAPEX Reserves	\$ -	\$ -		1,506,480	1,532,460
Unleveraged Cash Flow	\$ (14,708,100)	\$ (9,805,400)		1,146,174	1,146,174
Debt Service, Scheduled	\$ 926,610	\$ 617,740			
Debt Draws less Repayment	\$ 10,295,670	\$ 6,863,780			
Leveraged Cash Flow	\$ (4,412,430)	\$ (2,941,620)	\$ (116,830)	360,305	305,286
Debt Service Coverage Ratio	na	na	na	1.34	1.36
Cash-on-cash Return	na	na	na	4.9%	5.3%
Gross Rent Multiplier	na	na	na	4.1	4.1
Operating Expense Ratio	na	na	na	21.2%	21.4%
Breakeven Occupancy Ratio	na	na	na	68.5%	67.7%

Income growth rate	2%
Expense growth rate	3%
PILOT Years 1-17	10%
PILOT Year 18	10%
PILOT Years 19-21	10%

	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
\$	2,466,373	2,515,701	2,566,016	2,617,337	2,669,684	2,723,078
\$	123,320	125,787	128,303	130,870	133,488	136,158
\$	2,343,053	2,389,914	2,437,713	2,486,467	2,536,196	2,586,920
\$	506,399	521,591	537,239	553,356	569,957	587,056
\$	246,637	251,570	256,602	261,734	266,968	272,308
\$	1,590,016	1,616,753	1,643,872	1,671,377	1,699,271	1,727,557
	67.9%	67.6%	67.4%	67.2%	67.0%	66.8%
\$	31,200	31,200	31,200	31,200	31,200	31,200
\$	1,598,816	1,585,553	1,612,672	1,640,177	1,668,071	1,696,357
\$	1,146,174	1,146,174	1,146,174	1,146,174	1,146,174	1,146,174
\$	412,642	439,379	466,498	494,003	521,897	550,183
	1.39	1.41	1.43	1.46	1.48	1.51
	5.6%	6.0%	6.3%	6.7%	7.1%	7.5%
	4.0	3.9	3.8	3.7	3.7	3.6
	21.6%	21.8%	22.0%	22.3%	22.5%	22.7%
	67.0%	66.3%	65.6%	64.9%	64.3%	63.6%

	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
\$	2,777,540	2,833,091	2,889,753	2,947,549	3,006,500	3,066,630
\$	138,882	141,660	144,494	147,384	150,332	153,339
\$	2,638,658	2,691,431	2,745,259	2,800,165	2,856,168	2,913,291
\$	604,667	622,807	641,492	660,736	680,558	700,975
\$	277,754	283,309	288,975	294,755	300,650	306,663
\$	1,756,237	1,785,315	1,814,792	1,844,674	1,874,960	1,905,653
	66.6%	66.3%	66.1%	65.9%	65.6%	65.4%
\$	31,200	31,200	31,200	31,200	31,200	31,200
\$	1,725,037	1,754,115	1,783,592	1,813,474	1,843,760	1,874,453
\$	1,146,174	1,146,174	1,352,731	1,352,731	1,352,731	1,352,731
\$	578,863	607,941	430,861	460,743	491,029	521,722
	1.53	1.56	1.34	1.36	1.39	1.41
	7.9%	8.3%	5.9%	6.3%	6.7%	7.1%
	3.5	3.5	3.4	3.3	3.3	3.2
	22.9%	23.1%	23.4%	23.6%	23.8%	24.1%
	63.0%	62.4%	69.0%	68.3%	67.6%	67.0%

	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
\$	3,127,963	\$ 3,190,523	\$ 3,254,334	\$ 3,319,421	\$ 3,385,810	\$ 3,453,527
\$	156,406	\$ 159,535	\$ 162,726	\$ 165,981	\$ 169,301	\$ 172,688
\$	2,971,557	\$ 3,030,988	\$ 3,091,608	\$ 3,153,440	\$ 3,216,509	\$ 3,280,839
\$	722,004	\$ 743,665	\$ 765,975	\$ 788,954	\$ 812,622	\$ 837,001
\$	312,796	\$ 319,052	\$ 325,433	\$ 331,942	\$ 338,581	\$ 345,353
\$	1,936,756	\$ 1,968,271	\$ 2,000,200	\$ 2,032,544	\$ 2,065,306	\$ 2,098,485
	65.2%	64.9%	64.7%	64.5%	64.2%	64.0%
\$	31,200	\$ 31,200	\$ 31,200	\$ 31,200	\$ 31,200	\$ 31,200
\$	1,905,556	\$ 1,937,071	\$ 1,969,000	\$ 2,001,344	\$ 2,034,106	\$ 2,067,285
\$	1,352,731	\$ 1,352,731	\$ 1,352,731	\$ 1,352,731	\$ 1,352,731	\$ 1,352,731
\$	552,825	\$ 584,340	\$ 616,269	\$ 648,613	\$ 681,375	\$ 714,554
	1.43	1.46	1.48	1.50	1.53	1.55
	7.5%	7.9%	8.4%	8.8%	9.3%	9.7%
	3.1	3.1	3.0	3.0	2.9	2.8
	24.3%	24.5%	24.8%	25.0%	25.3%	25.5%
	66.3%	65.7%	65.1%	64.5%	64.0%	63.4%

	Year 21	Year 22
\$	3,522,598	\$ 3,599,050
\$	176,142	\$ 179,665
\$	3,346,456	\$ 3,413,385
\$	862,111	\$ 887,974
\$	352,260	\$ 359,305
\$	<u>2,132,085</u>	<u>\$ 2,166,106</u>
	63.7%	63.5%

\$	31,200	\$ 31,200
\$	<u>2,109,885</u>	<u>\$ 2,134,906</u>
\$	1,352,731	\$ 1,352,731
\$	<u>748,154</u>	<u>\$ 782,175</u>

1.58	1.60
10.2%	10.6%
2.8	2.7
25.8%	26.0%
62.9%	62.4%

EXHIBIT 14
PROJECT FINANCING PLAN

Sources:

Equity	\$7,354,050.00
Financing	\$17,159,450.00

EXHIBIT 15
FINANCING COMMITMENTS

TO BE PROVIDED

EXHIBIT 16
EXPLANATION OF NEED FOR TAX ABATEMENT

EXPLANATION OF NEED FOR TAX EXEMPTION

Attach an explanation of why the applicant believes that a long term tax exemption is necessary to make this Project economically feasible. Include specific figures where possible to explain any financing gaps.

The Applicant formed its entity to initiate and conduct the redevelopment of an underutilized area that has remained vacant for some time. The Applicant seeks to revitalize the project site consistent with the goals and objectives of the City of Orange Township's Central Valley Redevelopment Plan. This redevelopment project is being undertaken for the public benefit, namely to: (i) promote the principles of a "Transit Oriented Development,"; (ii) maximize the use of the advantages provided by the area's adjacency to Highland Station and other mass transportation resources; (iii) coordinate the revitalization of this section of Orange with the planned revitalization of the adjacent portion of West Orange; (iv) allow for more efficient use of land and expand the City's tax base by encouraging higher density development; (v) expand the level of residential activity in the area, thereby increasing density, diversity and the potential for economic activity throughout the City; (vi) maximize the participation of private developers while minimizing the participation of the public sector; (vii) provide for the creation of places which promote, pedestrian oriented activities, and social interaction; and (viii) provide a variety of market-value housing types through new construction of low, mid and high-rise structures.

The funding of this project will be provided through private equity investment and a private loan. These investments and loans will be used to fund the construction and revitalization phase of the project. The long-term tax exemption is needed because tax savings on this project will have a direct impact on the Applicant's ability to proceed with construction and to obtain debt financing.

**EXHIBIT 17
PROJECT SCHEDULE**

Site Plan Approval	Completed
Submission of PILOT Application	April 2023
Approval of Financial Agreement	Within four months of Submission of PILOT Application
Commencement Construction	Within six months of Financial Agreement Approval
Substantial Completion	Within thirty-six months after Commencement of Construction
Lease Out	Three months after Substantial Completion

EXHIBIT 18
SUMMARY OF PROJECT BENEFITS

SUMMARY OF PROJECT BENEFITS

Attach a summary of all the public benefits associated with this project. At a minimum, include a projection of the number and type of construction jobs anticipated, 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.

This project will revitalize an area designated in need of redevelopment in accordance with the goals and objectives of the Central Valley Redevelopment Plan ("Plan"). The project will support ongoing revitalization and reinvestment within the City of Orange Township through the accommodation of residential uses in an area that has not experienced significant change in decades. The project will contribute to the wellbeing of the community by creating housing opportunities with transit oriented development. The project allow for more efficient use of land and public services and expand the City's tax base by encouraging higher density development in accordance with the goals of the Plan. Other project benefits include temporary and permanent employment and increased tax revenue for the City.

EXHIBIT 19
PROPOSED FINANCIAL AGREEMENT

FINANCIAL AGREEMENT
(N.J.S.A. 40A: 20-1, et seq.)

This **FINANCIAL AGREEMENT** (hereinafter, the “**Financial Agreement**”) made this _____ day of _____, 2023 by and between 617 Scotland Urban Renewal LLC, a New Jersey limited liability company qualified to do business under the provisions of the Long Term Tax Exemption Law, as amended and supplemented, (N.J.S.A. 40A:20-1 et seq.), having its principal office at 5308 13th Avenue, #197, Brooklyn, New York 11219 (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 Entity has applied for a long-term tax exemption for a redevelopment project on property located at 611-617 Scotland Road and 517-519 Beach Street in the City of Orange Township identified on the City tax map as Block 6105, Lots 2, 3, 4 & 5 (the “**Property**”) which is located within the Central Valley Redevelopment Area, District 4; 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 proposed project consists of the demolition of the existing structures on the Property and the construction six-story multifamily residential building, consisting of seventy-eight (78) market rate rental units, along with fifty-seven (57) off-street parking spaces (the “**Project**”); 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. The granting of the long-term tax exemption provided herein will permit the development of market rate residential units 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 more housing options 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.

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 Long-Term Tax Exemption Law, N.J.S.A. 40A: 20-1 et. seq. (as amended and supplemented, the "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. **Allowable Net Profit** - The amount arrived at by applying the allowable profit rate to the total project cost pursuant to the provisions of N.J.S.A. 40A: 20-3(c).

ii. **Allowable Profit Rate** - The Allowable Profit Rate means the greater of twelve (12%) percent or the percentage per annum arrived at by adding 1 ¼ % per annum to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing.

iii. Annual Service Charge - The amount that the Entity has agreed to pay the City in lieu of full taxation on the Improvements as set forth more fully within Section 4.1 of this Financial Agreement, and which is subject to verification and review by the City.

iv. Application - The Application was filed by the Entity pursuant to N.J.S.A. 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. Certificate of Occupancy - Document issued by the City authorizing occupancy of a building.

vii. City - The City of Orange Township, New Jersey.

viii. Default - Shall be the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Financial Agreement.

ix. Entity - Shall mean 617 Scotland Urban Renewal LLC, a New Jersey limited liability company qualified to do business under the provisions of the Law, and any lawful assignees as authorized under this Financial Agreement.

x. Gross Revenue – Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, laundry room, vending machines, and the like, or as user fees or for any other services. No deductions will be allowed 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.

xi. Improvements - Any building, structure or fixture permanently affixed to the Land.

xii. In Rem Tax Foreclosure - 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 N.J.S.A. 54: 5 -1 et seq.

xiii. Land – The land, but not the Improvements, on the Property.

xiv. Land Taxes - The amount of taxes assessed on the value of the Land. Land assessments are not abated and shall remain a lien on the Land.

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

xvi. Law - The term “Law” shall refer to the Long-Term Tax Exemption Law, as amended and supplemented N.J.S.A. 40A: 20-1, et. seq.

xvii. Minimum Annual Service Charge - The minimum annual service charge shall be the greater of (i) 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, and (ii) \$40,944.22.

xviii. **Net Profit** - The gross revenue of the Entity less all operating and non-operating expenses of the Entity, calculated on a cumulative basis from Substantial Completion through the most recent fiscal year, as determined in accordance with generally accepted accounting principles and the provisions of **N.J.S.A. 40A:20-3(c)**.

xix. **Project** - The Land and Improvements thereon which are the subject of this Financial Agreement and as defined in **N.J.S.A. 40A:20-3 (e) and (i)**. The Project consists of the demolition of the existing structure on the Property and the construction six-story multifamily residential building, consisting of seventy-eight (78) market rate rental units, along with fifty-seven (57) off-street parking spaces, as described more fully within the Application.

xx. **Pronouns** - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as, the plural, as proper meaning requires.

xxi. **Property** - The Land and the Improvements thereon located at 595 Lincoln Avenue in the City of Orange Township identified on the City tax map as Block 6303, Lot 7.

xxii. **Statutes** - The term Statutes when used in this Financial Agreement shall refer to all relevant statutes of the State of New Jersey.

xxiii. **Substantial Completion** - The determination by the City that the Project is ready for the use intended, as further defined in Section 6.2 of this Financial Agreement.

xxiv. **Termination** - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its long-term tax exemption on the Property.

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 Exemption

The City has granted and does hereby grant its approval for a tax exemption for the Project to be acquired, developed and to be maintained under the provisions of the Law on the premises described in the Application. 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

(a) If the Entity, its successors and/or assigns and/or any subsequent purchasers 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 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."

(c) Upon written notice from the City to the Entity or its successors and/or 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 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 Improvements provided for in this Financial Agreement:

(a) It will comply with the provisions of the Affirmative Action Language contained herein.

(b) 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:

- (i) minority workers in each construction trade; or
- (ii) 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 (20%) percent of the dollar value of the hard costs of total procurements to be awarded in connection with the Project.

For purposes of this section, the term "Minority" shall mean persons who are Black, Hispanic, Portuguese, Latino, Asian American, American Indian or Alaskan Natives. 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 fifty-one (51%) percent owned and controlled by Minority group members and is qualified.

(c) 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.

(d) 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.

(e) Where applicable, it will at all times conform to the laws, regulations, policies of the State of New Jersey, 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 2.4 and 2.5 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 Project 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 2.4 and 2.5.

Article III – Duration of Financial Agreement

Section 3.1 Term

So long as there is compliance with the Law and this Financial Agreement, it is understood and agreed by the parties hereto that this Financial Agreement shall remain in effect for a term of twenty-two (22) years from the date of Substantial Completion of the Project 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 35 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 on the Property 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 shall terminate upon the Entity's rendering and the City's acceptance of the Entity's final accounting.

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 shall include the total of all revenues that would normally be payable to a landlord in the case where the landlord is responsible to pay all costs of operations and maintenance as well as to pay the full cost of the capital required to construct the Project. To the extent that the actual revenues collected by the Entity are less than such amount, due to any reason including without limitation, the payment of expenses by tenants that would normally be paid by the landlord, such as insurance, taxes and or maintenance or the existence of an intermediate entity between the Entity and any tenant, but specifically excluding reductions in revenue due to vacancies within the Project, the City shall have the right, at its sole discretion, to recalculate the amount that the revenues would have been, without such issues and to utilize the results of its recalculations in all determinations of Annual Service Charges.

(b) All parking spaces on the Property, if applicable and approved by the Office of Central Planning, will be exclusively for the use of the owners, tenants or customers 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. In the event that the Entity seeks to lease the parking spaces on the Property, the Entity must first notify the City in writing and must comply with all City ordinances and State laws regarding parking.

(c) The Annual Service Charge for year one (1) through year fifteen (15) of this Financial Agreement shall be the amount equivalent to ten percent (10%) of the Annual Gross Revenue generated from the Project. The Annual Service Charge for the remaining period of the Financial Agreement shall be determined as follows, pursuant to N.J.S.A. 40A:20-12(b)(2):

- (i) During year sixteen (16) through year nineteen (19) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- (ii) During year twenty (20) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- (iii) During year twenty-one (21) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater;
- (iv) During year twenty-two (22) of the Financial Agreement, the Annual Service Charge shall be an amount equal to ten percent (10%) of the Annual Gross Revenue generated from the Project or eighty percent (80%) of the amount of the taxes otherwise due on the value of the Land and Improvements, whichever is greater.

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 Improvement during the period the Agreement is in force and effect.

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.

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 in the prior tax year (the "Land Tax Credit") against the Annual Service Charge. For purposes of clarification the amount of the Land Tax Credit to be applied against the quarterly installment of the Annual Service Charge shall equal $\frac{1}{4}$ of the total Land Tax Payments paid by it in the last four preceding quarterly installments in the prior tax year. 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, among its other remedies, have the right to proceed against the Property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54: 5-1, et. seq. and/or may cancel the Financial Agreement upon thirty (30) days notice to the Entity. 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 two (2%) percent of the Annual Service Charge added for each year that the Financial Agreement is in effect in order to cover the City's administrative 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 for relief through the filing of 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 that the Superior Court does not accept jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined, in accordance with its rules and regulations, in such a fashion to accomplish the purpose of said 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 Property, 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.

Article VI – Certificate of Occupancy

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 as identified in the Application and failure to use best efforts to secure and submit said Certificates of Occupancy shall subject the Property to full taxation.

Section 6.2 Substantial Completion

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

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 by the Application and Financial Agreement 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'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 as required under 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 completion of the Project, the Entity agrees to submit a Total Project Cost audit certified by a certified public accountant within ninety (90) days after completion of the Project.

Section 7.3 Inspection

The Entity shall 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 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 N.J.S.A. 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 percent (10%) of the gross revenues of the Entity for the fiscal year preceding the year in which a determination is being made with respect to permitted Net Profits as provided in N.J.S.A. 40A:20-15, said reserve to be noncumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of ten percent (10%) of the preceding year's gross revenues 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 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 paragraph 7.4.

Article VIII - Assignment and/or Assumption

Section 8.1 Approval

Any change made in the ownership of the Project, any change made in the ownership of the Entity prior to Substantial Completion, or any other change that would materially affect the terms of the Financial Agreement shall be void unless approved by the Municipal Council by resolution. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of the Financial Agreement to an urban renewal entity eligible to operate under the Law provided that the Entity is not in default regarding any performance required of it hereunder and full compliance with the Law has occurred and the Entity obligation under this Financial Agreement with the City is fully assumed by the transferee.

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.

Article IX Waiver

Section 9.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including without limitation, the right to terminate the Financial Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit any right of recovery of any amount that the City has under law, in equity, or under any provisions of this Financial Agreement.

Article X – Notice

Section 10.1 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:

Scotland Ventures LLC
730 Garfield Avenue
Jersey City, New Jersey 07305

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

City Hall
29 N. Day Street
Orange, New Jersey 07050
Attention: Municipal Clerk

The notice to the City shall identify the subject as “595 Lincoln Avenue Redevelopment Project” and shall include any assigned tax account numbers.

Article XI – Compliance

Section 11.1 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.

Article XII - Construction

Section 12.1 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 XIII – Indemnification

Section 13.1 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 XIV - Default

Section 14.1 Default

Default shall be failure of the Entity to conform 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.

Section 14.2 Cure Upon Default

Should the Entity be in default on any obligation other than the obligation to pay the Annual Service Charge and Land Taxes 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 particularity the basis of said default. The Entity shall have thirty (30) days from its receipt of such notice to cure any notice. 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 14.3 Remedies Upon Default

Subsequent to the passage of thirty (30) days after the Entity's receipt of a default notice 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 or which, under the terms hereof, would in the future become due nor shall 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 be construed as a waiver of the right to terminate said tax exemption or proceed with In Rem Foreclosure action or any other remedy.

Article XV - Termination

Section 15.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy such default or breach within the time period provided in Section 14.2, the City may cancel this Financial Agreement upon thirty (30) days notice to the Entity and all lenders of record. For purposes of rendering a final financial accounting the termination of the Financial 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 15.2 Voluntary Termination by the Entity

The Entity may after the expiration of one year from the completion date of the Project notify the Municipal Council of the City that as of a certain date designated in the notice, it relinquishes its status as a tax exempted project. As of the date so set, the tax exemption, the service charges and the profit and dividend restriction shall terminate. Upon termination, the Entity shall provide a final accounting and pay any reserve, if any, to the City pursuant to the provisions of N.J.S.A. 40A:20-13 and 15.

Section 15.3 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.

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 XVI - Miscellaneous

Section 16.1 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 16.2 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 16.3 Entire Document

This Financial Agreement and all conditions in the Ordinance of the Municipal Council approving this Financial Agreement are incorporated in this Financial Agreement and made a part hereof.

Section 16.4 Good Faith

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

Section 16.5 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 16.6 Recording

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

Article XVII – Exhibits

Exhibit A – The 617 Scotland Urban Renewal LLC Tax Abatement Application

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

ATTEST:

**617 SCOTLAND URBAN RENEWAL
LLC**

Witness

By: _____
Solomon Goldberger, Managing Member

ATTEST:

THE CITY OF ORANGE TOWNSHIP

Clerk

Dwayne D. Warren, Esq., Mayor

APPROVED AS TO FORM

City Attorney

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 _____, 2023. The ordinance authorizes the execution and delivery of a Financial Agreement with 617 Scotland Urban Renewal LLC in connection with a redevelopment project to be located at 611-617 Scotland Road and 517-519 Beach Street in the City of Orange Township identified on the City tax map as Block 6105, Lots 2, 3, 4 and 5 (the "Property") for the demolition of the structures on the Property and the construction of a six-story multifamily residential building on the Property, consisting of seventy-eight (78) market rate rental units, consisting of a mix of studios, one-bedroom and two-bedroom units, along with seventy eight (78) off-street parking spaces, and amenities including a lobby, fitness room, lounges, a common area terrace and private terraces. Under the Financial Agreement, the project will receive a 22-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 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 _____, 2023. The ordinance authorizes the execution and delivery of a Financial Agreement with 617 Scotland Urban Renewal LLC in connection with a redevelopment project to be located at 611-617 Scotland Road and 517-519 Beach Street in the City of Orange Township identified on the City tax map as Block 6105, Lots 2, 3, 4 and 5 (the “Property”) for the demolition of the structures on the Property and the construction of a six-story multifamily residential building on the Property, consisting of seventy-eight (78) market rate rental units, consisting of a mix of studios, one-bedroom and two-bedroom units, along with seventy-eight (78) off-street parking spaces, and amenities including a lobby, fitness room, lounges, a common area terrace and private terraces. Under the Financial Agreement, the project will receive a 22-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



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

November 21, 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:
617 Scotland Urban Renewal LLC
611-617 Scotland Road and 517-519 Beach Street
Block 6105, Lots 2, 3, 4 and 5**

Dear Ms. Lanier:

I have reviewed the Application, Financial Agreement and supporting documents submitted by 617 Scotland Urban Renewal LLC (the "Applicant") for a redevelopment project which, as described more fully within the application for long term tax exemption that the Applicant filed with the City, consists of the demolition of the structures on the above-referenced property and the construction of a six-story multifamily residential building, consisting of seventy-eight (78) market rate rental units, consisting of a mix of studios, one-bedroom and two-bedroom units, along with seventy-eight (78) off-street parking spaces, and amenities including a lobby, fitness room, lounges, a common area terrace and private terraces (as described more fully within the Redeveloper Application, the "Project");

The Project is located within the Central Valley Redevelopment Area, District 4 and is governed by the Central Valley Redevelopment Plan. The Project will support ongoing revitalization and reinvestment within the City through the accommodation of residential uses in an area that has not experienced significant change in decades. The Project will contribute to the wellbeing of the community by creating housing opportunities, and provide parking for residents. Other Project benefits include temporary and permanent employment and increased tax revenue to the City.

The Applicant has submitted an application for a twenty-two (22) year Long Term Tax Abatement pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq.. The Applicant is requesting an annual service charge of 10% of annual gross revenue per year with phasing towards full taxation in a manner consistent with the requirements of the Long Term Tax Exemption Law. Additionally, in the Financial Agreement, the Applicant will commit to certain provisions governing local and minority hiring during construction.



I believe that this Project is a desirable improvement in our City. Therefore, I recommend that the Long Term Tax Exemption be favorably considered by the Municipal Council, provided that all legal prerequisites have been satisfied.

Very truly yours,

DWAYNE D. WARREN, ESQ.
MAYOR



