Department of Housing, Economic Development & Commerce

Director's Office

Inter-Office Memorandum

DATE: August 12, 2011

TO: Tax Abatement Committee

FROM: Al Cameron, Deputy Director, HEDC

SUBJECT: UNICO- Jersey City Housing, Inc. 500 Manila Avenue
Assignment of Tax Abatement

INTRODUCTION:

The applicant, 500 Manila Ave. LLC, previously submitted a request to assign an existing 50- year tax abatement granted in 1973 to UNICO-Jersey City Housing Inc. The property is a two hundred and two unit federally subsidized low-income senior housing project. The Applicant made a presentation to the Committee and was asked to submit additional information. The application was previously distributed to the Committee. The additional information is enclosed.

REVENUE TO THE CITY:

The schedule titled UNICO TOWERS Tax Abatement Comparisons shows the total PILOT for the year 2010 at $283,210 and the PILOT including the 2% administrative fee for the same period for the proposed 11% formula to be $284,304.

The schedule also shows the estimated conventional taxes for the year 2011 to be $167,750. The estimated municipal portion at 40% is $67,100.

Enclosure:

ANTHONY W. TOZZI
Attorney at Law
9 Noa Court
Hamilton, NJ 08690

Phone: 609-581-4684
Fax: 609-581-7619
email: awtozzi@optonline.net

Honorable Jerrimiah T. Healy, Mayor
City of Jersey City
30 Montgomery Street
Jersey City, NJ 07302

August 11, 2011

Re: Unico Towers Assignment of Tax Abatement

Dear Mr. Healy:

Please accept this letter in response to the comments received from corporation counsel to my letter to you of August 10, 2011, which sought an assignment of the tax abatement for the Unico Towers project. Those comments advised that the tax abatement rate should be set at a rate that would generate payments commensurate with the payments the City receives under the current tax abatement.

My client, 500 Manila Ave., LLC, intends to be a long term property owner in the City with the purchase of Unico Towers and values a good relationship with the City. While the buyer believes the taxes to be paid under conventional taxes would be less than under a tax abatement, it also recognizes the City's concerns on revenues.

Accordingly, the buyer will accept an assignment using the formula suggested by corporation counsel. The percentage needed for the City to receive payments commensurate with the amount it currently is receiving from the project is 11%. I am attaching a worksheet that substantiates the 11% amount.

Very truly yours,
Anthony W. Tozzi
Anthony W. Tozzi

c. Al Cameron, HEDC
William C. Matsikoudis, Corporation Council
JoAnne Monahan, First Asst. Corporation Counsel

UNICO TOWERS			
Tax Abatement Comparisons			
Current Abatement At 15% (residential income less utilities)			
Total net rents after vacancy			2,406,151
Less Utilities			-518,817
Net Income			1,887,334
PILOT Rate			15%
PILOT Payment			**283,100**
Proposed Assignment At 11% (total income-no deductions)			
Total net residential rents after vacancy			2,406,151
Laundry, Late Charges and Other			40,855
Commercial Income			86,897
Total Income			2,533,903
PILOT Rate			11%
PILOT Payment			278,729
2% Administrative Fee			5,575
Total payment			**284,304**
2. Assessed Value Taxes			
Appraised Value (January 2011)			8,016,000
Apply 2011 ratio (29.73%)			x .2973
Assessed Value			2,383,157
Apply 2011 tax rate ($7.039/100)			X.7039
Property Tax			**167,750**
Municipal Portion @40%			**67,100**

UNICO JERSEY CITY HOUSING, INC.

Statements of Activity

Years Ended March 31, 2011 and 2010

	2011		2010	
INCOME				
Rent roll - apartments		$ 2,563,412		$ 2,451,432
Add: Retained excess income		756		732
Less: Vacancy loss	$ 152,352		$ 150,052	
Collection loss	5,665	(158,017)	1,739	(151,791)
		2,406,151		2,300,373
Garages and parking		33,250		52,500
Commercial rentals		53,647		52,661
		2,493,048		2,405,534
Interest income	439		224	
Insurance proceeds	-		130,587	
Laundry machines	8,642		8,562	
Late charges and other income	31,774	40,855	6,236	145,609
		2,533,903		2,551,143
EXPENSES				
Administrative				
Salaries and related charges	155,971		140,541	
Maintenance and repairs	460,948		475,570	
Maintenance contracts	445,366		576,222	
Utilities	197,241		211,993	
Managing agent's fees	518,817		488,836	
Payment in lieu of real estate taxes	140,710		138,061	
Property and liability insurance	281,133		269,850	
	92,033		85,163	
Total expenses - exclusive of interest, depreciation and amortization		2,292,219		2,386,236
Income before interest, depreciation and amortization		241,684		164,907
Interest expense and related amortization	(5,416)		9,653	
Depreciation	192,471		204,667	
Total interest and depreciation		187,055		214,320
Change in net assets		54,629		(49,413)
Net assets (deficit)				
Balance, beginning of year		(2,797,032)		(2,747,619)
Balance, end of year		$ (2,742,403)		$ (2,797,032)

See accompanying notes to the financial statements.

DRAFT

Real Estate Appraisal of a
Section 236 (94% RAP) Apartment Complex

Known as

UNICO Towers Jersey City Housing Apartments

"Scattered Site"
Located at

500 Manila Avenue (Grove Street)
Jersey City, New Jersey 07302

Summary Report of the
Market Value of the Real Property

Date of Value Estimate:
January 5, 2010

Date of Report:
April 27, 2010

Date of Inspection:
January 5, 2010

Prepared For: *Client Contact:*
Mr. Charles P. Gendron
Low Income Housing Corporation
217 Commercial Street
Portland, Maine 04101

Prepared By: *Robert J. Anich*
P.O. Box 324
Portland, Maine 04112-0324
(207) 247-5845

FILE # 07302010510100

Robert J. Anich
P.O. Box 324
Portland, Maine 04112

(207) 247-5845 (phone & facsimile)
bobanich@roadrunner.com

April 27, 2010

Mr. Charles P. Gendron
Low Income Housing Corporation
217 Commercial Street
Portland, Maine 04101

Dear Mr. Gendron:

An inspection was completed on January 5, 2010 of UNICO Towers Jersey City Housing Apartments, with the primary improvements being a 203 unit, Section 236 (94% RAP) complex built circa 1975. The property also includes leased land areas with significant tenant improvements that include a little league ballpark and Fire Station. The apartment building's address is 500 Manila Avenue, Jersey City, Hudson County, New Jersey. The purpose of this analysis and report is to express an opinion of the property's market value as of January 5, 2010. The function of this appraisal is its use in helping facilitate an acquisition of the property. The intended user of this appraisal report is the Client as addressed for purposes of assisting in a potential purchase. The value estimate is of the real property.

This property is in negotiations for purchase by the client of this report. The purchase price and/or asking prices is unknown but believed to be $1,500,000 over the existing debt. It is reported that the buyer intends to pre-pay the existing Section 236 mortgage while retaining the Interest Reduction Payments (IRP) under the provisions of the 236(e)(2) decoupling regulations and continuing the RAP contracts covering 190 of the units to ensure long-term affordability of the units. Twelve of the remaining units will have to be restricted at "market" under an Income Limit. The value estimate is under the Original Rental Assistance Payment RAP Contract. The value estimate is predicated on the prepayment of the existing financing which terminates the existing Regulatory Agreement resulting in a free and clear Net Operating Income. Estimated expenses in this report are significantly lower than the actual historic expenses in several categories. Past operation of this property, with the Regulatory Agreement, reflected incentives to operate at high levels of expenses.

There is an underground heating oil storage tank that has reportedly leaked. It is not known whether this tank has been removed or if there is required environmental remediation. There currently is an above ground temporary tank servicing the property. The value estimate provided herein does not take into consideration any impact on value of the costs or stigma of any environmental issues.

Complete information regarding the lease and/or encumbrances of the subject relative to the ballpark, fire station and parking areas was not obtainable. This analysis relies on the income reported in the Audits for the value of these encumbered areas. It is assumed the terms of these leases are significantly long given the nature of the original development and, as affordable housing by a non-profit, the historic and current income reflects the potential (value) of the property as currently encumbered.

The market value presupposes competitive conditions, a lack of undue stress and open exposure for a reasonable period of time. Found on the following pages are the descriptions, analyses and conclusions which form the basis of this appraisal. The appraisal is subject to the Statement of Assumptions and Limiting Conditions found on the following pages. These are considered to be an essential part of this appraisal report.

The concluded market value estimate of the subject property as encumbered / benefitted by the existing RAP Contract utilizing existing market financing with the remaining IRP payments under the stated conditions as of January 5, 2010, is:

EIGHT MILLION SIXTEEN THOUSAND DOLLARS

($8,016,000)

The above value indication assumes that there are no hidden or unknown defects. It is the Appraiser's opinion, due to the property type, the subject property should be examined thoroughly by an engineer to identify potential or hidden expenses.

Conditions of the Appraisal are as follows:

Nature of Business

Unico Jersey City Housing, Inc. (the "Corporation") was organized to construct, own and operate a 203-unit apartment building located in Jersey City, New Jersey for low to moderate income elderly and handicapped persons (the "Project") in accordance with Section 236 of the National Housing Act. The Project is financed and regulated by the New Jersey Housing and Mortgage Finance Agency ("NJHMFA" or the "Agency"). The Project receives rental income from tenants of the apartments and rent subsidies through housing assistance programs administered by the United States Department of Housing and Urban Development ("HUD"). The Project rents out 202 apartments to tenants. The remaining apartment is occupied by the superintendent.

- **Subject to pre-payment of the existing Section 236 mortgage while retaining the Interest Reduction Payments (IRP) under the provisions of the 236(e)(2) decoupling regulations and continuing the RAP contracts covering 190 of the units to ensure long-term affordability of the units. The existing mortgage is assumed to be prepayable which would terminate the existing Regulatory Agreement. At that point it is also assumed that the income can be distributed free and clear.**

The following conventional lending terms are assumed available for this appraisal.

Subject to the terms of financing as follows:

- 80% Loan to Value Ratio,
- 1.2 Debt Coverage Ratio of estimated net income,
- fixed rate for 10 years,
- amortized over 30 years,
- 6.50% interest rate.

The subject property is considered to be in fair condition, however, given that the subject is valued under the condition of obtaining new financing, a deduction from the value estimate is going to be made to account for anticipated funding of reserve for replacement account and immediate replacement schedule of some long life building components such as the heating system. The level of deduction is subjective and reflects the Appraiser's judgement.

- The value estimate provided herein assumes the RAP Contracts will continue until the termination date of November 2022 at the level of contract rent with increases as provided in the past.

> Rent Assistance Payments
>
> Under the terms of an agreement with HUD, the Project receives rental assistance payments under the HUD Section 236 Program with respect to eligible tenants. For the years ended March 31, 2009 and 2008 the Project received approximately $1,487,000 ($1,369,000 in 2008) representing 62% annually of its rent roll from assistance payments.
>
> Under regulatory agreement, the Project may not increase rents charged to tenants without HUD approval.

The following are the existing terms of the subject's mortgages.

Mortgages Payable

First Mortgage Payable
On December 26, 1973, the Corporation entered into a mortgage and regulatory agreement with the NJHMFA. Pursuant to the terms of the agreement, the Corporation received a mortgage loan of $6,000,000 to aid in the developing, erecting, and equipping of the Project. The loan is secured by a mortgage lien covering the Project's premises and all fixtures, equipment, and articles of personal property of the Corporation.

Permanent financing began with the payment due for December 1975. The term of the mortgage is for 47 years to November 2022, with interest, at an annual rate of 9% on the unpaid balance plus an Agency fee of one-half of 1% on the face amount of the mortgage. The annual debt service requirement totals $578,610. Of the annual debt service requirement, $417,983 is provided by the U.S. Department of Housing and Urban Development (HUD) (note 8) with the remaining $160,627 ($13,386 monthly) being provided by the Corporation.

Second Mortgage Payable
Effective April 1, 1991, the Corporation refinanced and clarified its obligations under the then existing second mortgage. In connection therewith, the Corporation agreed that all prior payments were to be considered interest. The Corporation and NJHMFA entered into a new second mortgage agreement with respect to the satisfaction of the existing second mortgage and with respect to the deferred debt service payments then outstanding (note 5).

Pursuant to the terms of the agreement, the Corporation received a mortgage loan of $500,000. The proceeds were used to complete satisfaction of the then existing second mortgage loan ($500,000).

The new second mortgage loan requires annual debt service payments of $49,245 including an Agency fee equal to one-half of 1% of the total amount of the loan, interest at an annual rate of approximately 9% and principal required to amortize the loan by December 2027. Of the annual debt service requirement $32,951 is provided by HUD (note 8) with the remaining $16,294 ($1,358 monthly) being provided by the Corporation. The obligation is secured by a second mortgage lien covering the Project's

Mortgages Payable (Continued)

Second Mortgage Payable (Continued)
premises and all fixtures, equipment, and articles of personal property of the Corporation that are subject to the first mortgage lien of the NJHMFA.

The Corporation has not maintained payments of interest and principal on its long-term debt in accordance with the mortgage agreement and has arrearages. Payments made are applied first to Agency fees and charges, then to interest and the remainder to principal. At March 31, 2009 cumulative payments applied to the principal totaled $63,505 ($55,213 in 2008). Principal installments due on the second mortgage for the years 2009 and 2008 remained unpaid.

The following are the restructured maturities of the mortgages payable for each of the next five years and in the aggregate:

	First Mortgage	Second Mortgage	Total
2010			
Past Due	$ -	$ 13,788	$ 13,788
Current	169,391	9,070	178,461
2011	184,636	9,921	194,557
2012	201,254	10,851	212,105
2013	219,366	11,869	231,235
2014	239,109	12,983	252,092
Thereafter	3,210,471	368,013	3,578,484
	4,224,227	436,495	4,660,722
Less current portion	(169,391)	(22,858)	(192,249)
	$ 4,054,836	$ 413,637	$ 4,468,473

Residual Receipts Note

On June 1, 1991, the Corporation entered into a financial assistance contract with HUD. Pursuant to the terms of the agreement, the Corporation received a loan commitment of $506,100. Through March 31, 2009 and 2008, loan proceeds of $504,271 were received. The loan is secured by the assets of the Corporation subject to the first and second mortgage liens of the NJHMFA.

The principal and interest, calculated at an annual rate of 1%, shall be due and payable upon the earlier to occur of maturity of the first mortgage loan, November 2022, (note 4), prepayment of the first mortgage, the sale, foreclosure, refinancing, assignment or any other disposition of the Project.

Mortgages Payable (Continued)

Second Mortgage Payable (Continued)
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The principal and interest, calculated at an annual rate of 1%, shall be due and payable upon the earlier to occur of maturity of the first mortgage loan, November 2022, (note 4), prepayment of the first mortgage, the sale, foreclosure, refinancing, assignment or any other disposition of the Project.

Residual Receipts Note (Continued)

The Corporation has reflected as an obligation the present value of the interest accruing on the note utilizing a 6% interest rate ($4,079 and $3,720 at March 31, 2009 and 2008 respectively).

There are no current maturities during any of the next five years.

Capital Improvement Assistance Program Mortgage

The Corporation entered into a Capital Improvement Assistance Program mortgage ("CIAP mortgage") with the New Jersey Housing and Mortgage Finance Agency for $740,696. The entire amount of the mortgage is payable to the Agency, without interest, upon the sale of the Project or upon satisfaction of the first mortgage, second mortgage and other liens and encumbrances authorized and approved by the Agency, whichever first occurs. No principal and interest payments are due during the term of the mortgage note until maturity. The CIAP mortgage will be used for certain capital improvements to the Project approved by the lender. The CIAP mortgage will be a third mortgage lien on the Project and land, subordinate to all other mortgages, liens and encumbrances authorized and approved by the lender. Through March 31, 2009 and 2008 loan proceeds of $712,410 were received.

Subordinated Mortgage Note

Satisfaction of the old second mortgage as of April 1, 1991 occurred on execution of a Subordinated Mortgage Note for $352,526, the amount of deferred interest accrued to March 31, 1991. The entire amount of the Note is payable to the Agency, without interest, at the maturity of the new second mortgage in 2027 or upon the sale or transfer of the Project, whichever first occurs. The note is secured by a subordinated second mortgage lien covering the Project's premises and all fixtures, equipment and articles of personal property of the Corporation that are subject to the first and second mortgage liens of the NJHMFA.

Accounting principles generally accepted in the United States of America provide that interest be imputed on obligations that bear interest at rates less than market conditions generally require. The difference between the present value of the obligation and the principal amount payable at maturity is treated as discount and amortized over the life of the note as interest expense at a constant rate. Accordingly, the Corporation has reflected as an obligation the present value of the face amount of the note at maturity utilizing a 9% interest rate, ($74,734 at March 31, 2009; $68,563 at March 31, 2008).

Interest Reduction Payments

The NJHMFA, on behalf of the Corporation, has entered into an Interest Reduction Assistance Contract with HUD. Pursuant to the contract, HUD is to make monthly interest reduction payments for the mortgages (note 4) of $37,578 ($450,934 annually) to NJHMFA on behalf of the Corporation. The payments are equal to the difference between the annual debt service required by the NJHMFA and the annual debt service requirement assuming a mortgage loan bearing an interest rate of 1% per annum for an equivalent number of years.

Tenant eligibility and maximum unit rents (the "Basic Rents") are prescribed by regulation. Amounts charged to tenants in excess of Basic Rents, subject to collection, are due HUD (note 9).

Rent Excess Due Federal Government

Prior to January 2000, under the terms of the Interest Reduction Agreement (note 8), the Corporation is obligated to HUD for an amount by which the total rents collected from dwelling units exceeds the approved basic rentals for such units (the "Excess Rent" or "Excess Income"). Accordingly, the balance in the account represents the accumulated total of such excess rents from inception of the Project less (1) the accumulated total of payments made to HUD; and (2) approved basic rent assistance payments that were due from HUD but not collected. No provision was made for allowances, if any, by HUD for vacancy and collection losses. Rent excess due Federal government at March 31, 2009 and 2008 totaled $77,140.

The maturities of the rent excess due Federal government, if any, for each of the next five years is not determinable.

Beginning January 2000, the Corporation is eligible with HUD approval, to retain excess income. Excess income retained by the Project, with HUD approval, totaled $636 for the year ended March 31, 2009 ($888 in 2008).

- Per the client and LP Agreement the property is encumbered with a Regulatory Agreement which restricts the distribution of income. The distribution is reported to be 8% of original equity. Past or present distributions are unknown. The existing mortgage is assumed to be decoupled which would terminate the existing Regulatory Agreement. At that point it is also assumed that any income can be distributed free and clear.

Because of HUD participation in the project and the RAP Contract, there is a required reserve account for replacements under the current ownership. The project is required to have a funded beginning balance. The value estimate does not reflect the balance of this fund. The fund can only be used for repair and replacement of items in this project. According to the Regulatory Agreement as amended, there is an annual amount from operating income of $70,093 per Budget. As of March 2009 the property was in arrears 92 months.

> **Repairs and Replacements Reserve**
> Pursuant to the terms of the mortgage and regulatory agreements (note 4), the Corporation is required to fund an escrow account held by the NJHMFA to provide for future repairs, painting and other contingencies. Disbursements from the account cannot be made without prior Agency approval. The balance on deposit with the Agency, $195,680 and $194,589 on March 31, 2009 and 2008, respectively, includes investment income and is reflected as other assets.
>
> At March 31, 2009 the Corporation is 92 months in arrears of its payment to the escrow account amounting to $1,198,372 (80 months totaling $1,098,772 at March 31, 2008).

The property ownership has a property tax agreement (PILOT) with the State of New Jersey. The real estate taxes are based on a percent of gross residential rental income less certain expenses. The project payment is 15% of gross residential rental income less certain expenses.

> **Real Estate Taxes**
>
> Under the terms of an agreement between the Corporation and the City of Jersey City, New Jersey, the Corporation has received a real estate tax exemption effective upon the date of the execution of the first mortgage (December 26, 1973). The exemption shall continue for a period of 50 years therefrom.
>
> In consideration of the aforesaid exemption, the Corporation makes payments to the City of an amount calculated as being 15% of the excess of rental income over the cost of utilities. The expense for the years ended March 31, 2009 and 2008 was $268,320 and $251,179, respectively.

Real Estate Taxes and Insurance Escrows

The Agency requires that escrow accounts be maintained by it to fund the current requirements of the Payment in Lieu of Real Estate Taxes (note 11) and for certain insurance premiums. At March 31, 2009 these accounts, including investment income earned thereon, totaled $192,864 ($174,338 in 2008) and are reflected as current assets.

At March 31, 2009 and 2008, the Corporation was one month in arrears of its payment to the escrow accounts totaling $27,525.

Schedules of Payment in Lieu of Real Estate Taxes

Years Ended March 31, 2009 and 2008

Computation of Payment Due	2009	2008
Rent Roll	$ 2,383,014	$ 2,221,899
Add: Retained excess income	636	888
Less: Vacancy loss	(118,939)	(66,269)
Rent fee unit - superintendent	(12,190)	(11,366)
Collection loss - rent	(3,304)	(3,954)
	2,249,217	2,141,198
Less: Utilities		
Water	40,178	38,402
Sewer	32,616	31,548
Electricity	198,025	174,565
Gas	3,694	4,077
Fuel	185,906	218,078
	460,419	466,670
Gross shelter rents	$ 1,788,798	$ 1,674,528
Payment Due @ 15%	$ 268,320	$ 251,179

Per the client and Audit, the property is encumbered with management and maintenance agreements. These agreements are assumed to not be in effect for this valuation. The operating expenses in this appraisal include maintenance and management that are based on estimated market costs and not on actual budget and historic data. To the extent there is value in the management agreement, the impact on value has not been considered.

Management Agreement

The Partnership entered into an agreement with a management company which expires December 31, 2009. The agreement provides for a per unit per month fee of $62.08 and $60.10 during 2008 and 2007, respectively.

The fee totaled $183,576 in 2008 ($178,039 in 2007). In addition, the property management company provided computerized accounting services to the Partnership at a cost of $10,500 and $5,280 during 2008 and 2007, respectively.

- On January 5, 2010 the Appraiser inspected the interior of two apartment units and the exterior of the building. The value estimate assumes the remaining units and areas not inspected are similar in condition and quality to those inspected. Conversations with the property management lead the Appraiser to believe that all units are similar in condition and quality as of the appraisal date.

- The land was not valued separately as unimproved and not approved for development.

- Given the property's use as an apartment complex there are appliances and common area furnishings for which a value allocation in use is estimated. The value allocation in use to these items is estimated at $304,500.

- If my understanding or interpretation of the various agreements is incorrect then the results of the analysis will need to be amended.

- No cash deposits or liabilities of any kind associated or not with the operation of this property were valued in this analysis.

Thank you for this opportunity to be of service. If you have any questions or comments, please do not hesitate to contact me for further clarification.

Respectfully submitted,

Robert J. Anich
New Jersey Certification General Real Estate Appraiser
-NJ Cert. Gen. R.E. Appraiser Certification/License RG 01299, Exp. Date 12/31/11

CERTIFICATION

I certify that to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct,
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions,
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved,
- I have no bias with respect to the property that is the subject of this report or bias with respect to the parties involved with this assignment,
- My engagement in this assignment was not contingent upon developing or reporting predetermined results,
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attachment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal,
- The appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan,
- I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice,
- I have made a personal inspection of the property that is the subject of this report. No one provided significant professional assistance other than the individuals signing this report,

Date: 4/27/10

Robert J. Anich
Appraiser

The Appraiser working on this assignment is considered to be competent to appraise a property of this nature because of past experience dealing with similar or analogous valuation assignments.

Department of Housing, Economic Development & Commerce

Director's Office

Inter-Office Memorandum

DATE: August 11, 2011

TO: Tax Abatement Committee

FROM: Al Cameron, Deputy Director, and HEDC

SUBJECT: Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC- 305 Whiton Street - Block 2052 Lot ADUP.99 Mixed Income Residential Condominium Project - Requested 30-year Tax Abatement

CC: R. Byrne, W. Matsikoudis, R. McFadden, J. Monahan, J. Sass, K. Tayari, D. Toon, K. Tayari

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INTRODUCTION:

The Applicant, Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC., is requesting a thirty (30) year abatement pursuant to N.J.S.A. 40A:20 -1 et seq. for the property at 305 Whiton Street consisting of Block 2052 Lot ADUP.99. The project is a twenty-five (25) unit mixed income residential condominium project. The proposed abatement is based upon a rate of eight percent (8%) of Annual Gross Revenue for the low and moderate units with a ten percent (10%) rate for the emerging market units. Only sixteen percent of the units are low and moderate.

SITE INFORMATION

The property is located at 305 Whiton Street. The property is approximately ten thousand (10,000) square feet consisting of Block 2052 Lot ADUP.99, formerly Lots A, B, C, D & E. The property is on the corner of Whiton and Lafayette Streets. The All Saints School, a four (4) story building, is on the site and will be renovated and converted into residential condominium units.

PROPOSED CONSTRUCTION:

The four (4) story condominium project will consist of twenty-five (25) residential units as follows:

- 2 one bedroom low-income units
- 2 one bedroom moderate-income units
- 12 one bedroom emerging market units
- 9 two bedroom emerging market units

Additionally there will be four (4) onsite parking spaces.

Site plan approval has been granted.

CONSTRUCTION COST

The total development cost is estimated to be three million, six hundred ninety-six thousand, two hundred and fifty dollars ($3,696,250).

CONSTRUCTION SCHEDULE

Construction will begin approximately June 2012 the financial agreement and completed within one year.

JOBS

The applicant estimates that approximately seventy-five (75) construction jobs will be created during the construction period. One permanent full–time job will be created.

CURRENT REAL ESTATE TAXES

The applicant states that the current property is church owned and tax exempt. The Jersey City Tax Assessor has assessed the property reflecting its current condition, land ($48,100), and building ($353,200). The estimated the annual taxes is $28,248 at current rates.

PROPOSED ABATEMENT

The applicant has proposed a thirty (30) year tax abatement based upon eight percent (8%) of gross revenue for the low and moderate units, ten percent (10%) for the emerging market units and fifteen percent (15%) for the parking spaces. The applicant has proposed a five percent (5%) mortgage rate to be used in the ASC calculations.

REVENUE TO THE CITY

The applicant has proposed a payment in lieu of taxes totaling thirty-nine thousand, three hundred and forty-nine dollars ($39,349). The property is currently tax exempt. The tax assessor has projected that the annual tax would be twenty-eight thousand, two hundred and forty-eight dollars ($28,248) if the property, reflecting its current condition, were conventionally taxed. A fiscal impact analysis prepared by the Tax Collector's office (copy enclosed) shows a negative impact for the project of fifty-two thousand, one hundred and twenty-one dollars ($52,121). The City is committed to affordable housing and normally grants abatements for negatively impacting affordable projects. This twenty-five (25) unit project has four (4) affordable units. The applicant states on page two of the application "Buyers of the emerging market units will not be subject to household income limitations...."

Al

FISCAL IMPACT COST PROJECTION (AFFORDABLE HOUSING)
Entity COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 U.R.
Block: 2052 Lot: ADUP.99

Condo Units with Retail & Parking Planned Development	Number of Units	Demographic Multipliers Household	Students	Total Residents	Total Students	Annual Expenditures Per Capita Municipal	Annual Expenditures Per Pupil PerSchool District	Total Annual Expenditures Municipal	Total Annual Expenditures School District	Total Annual Expenditures Municipal & School District
1 - Bedroom	16	1.500	0.000	24.00	0.00	$1,299.42	$2,795.00	$31,186.04	$0.00	$31,186.04
2 - Bedroom	9	3.000	1.080	27.00	9.72	$1,299.42	$2,795.00	$35,084.30	$27,167.40	$62,251.70
TOTAL	25			51.00	9.72			$66,270.34	$27,167.40	$93,437.74

1. Total Municipal Ratables	$5,853,597,043	4. Fiscal Year 2011 Budget	$509,869,483	6. Population of Jersey City (2010 Census)	247,597	9. Increase in Services Incurred Per Development	$93,437.74
Commercial Ratables	$2,159,925,828						
2. Residential Ratables	$3,693,671,215			7. Per Capita Municipal Cost Municipal Portion	$1,299.42	10. Anticipated Gross PILOT 8% AGR (LI) 10% (EM)	$39,349.00
						County (5%)	$1,967.45
3. Residential Ratables as a Percentage of Total Ratables	63.10%	5. Residential Portion	$321,732,128	8. Annual Expenditures Per Student Municipal Portion	$2,795.00	11. Net PILOT & J.C.'s Portion of Land Tax	$41,316.45
						12. Implied Surplus	-$52,121.29

Classic Average costing approach for projecting the impact of population change and local Municipal and School District costs.

APPLICATION FOR TAX EXEMPTION
OF
COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

In compliance with Executive Order #2010-001 of the Mayor of the City of Jersey City, the Applicant herewith submits the following information in support of its application for a Long Term Tax Exemption under and pursuant to N.J.S.A. 40A:20-1, et seq.

Applicant	:	Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, L.L.C. c/o Community Asset Preservation Alliance #2 of Jersey City 16-18 W. Lafayette Street Trenton, New Jersey 08608
Project	:	All Saints School, an affordable residential condominium project 305 Whiton Street Block 2052, Lot ADUP.99 (formerly known as Lots A, B, C, D and E) Jersey City, New Jersey
Applicant's Architect	:	Dennis M. Devino, AIA Devino Architects & Associates 675 Garfield Avenue Jersey City, New Jersey 07305
Applicant's Attorney	:	Connell Foley LLP Harborside Financial Center 2510 Plaza Five Jersey City, NJ 07311 (201) 521-1000 Attn: Charles Harrington, Esq.

LIST OF EXHIBITS:

Exhibit

A-1.	Description of Property
A-2	Memorandum of Contract
B.	Annual Gross Revenue Computation
C.	Total Project Cost
D.	Projected Statement of Property Operations
E.	Resolution Approving Site Plan
F.	Certificate of Formation
G.	Disclosure Statement
H.	Commencement Certification
I.	Compliance with State and Local Laws
J.	Certification of Diligent Inquiry
K.	Proposed Financial Agreement
L.	Proposed Project Employment and Contracting Agreement

APPLICATION

1. **Identification of the Property:**

The land upon which the Project is located is Block 2052, Lot ADUP.99 (formerly known as Lots A, B, C, D and E) on the Tax Map of the City of Jersey City commonly known as the All Saints School of St. Patrick Assumption All Saints Parish, located at 305 Whiton Street, Jersey City, New Jersey. The metes and bounds description of the property where the Project is located is attached hereto as Exhibit A-1.

2. **Type of Exemption Requested:**

The Applicant seeks a long term tax exemption pursuant to N.J.S.A. 40:20-1, et seq. (Long Term Tax Exemption Law) for a twenty-five (25) unit multi-family low & moderate income and emerging market residential condominium development (the "Project").

The Applicant requests that the Financial Agreement be based on the 8% annual gross revenue formula for the low and moderate income residential condominiums, the 10% annual gross revenue formula for the emerging market residential condominiums, and on other terms set forth below and in the exhibits attached hereto (see proposed Financial Agreement attached hereto as Exhibit K).

Based upon the above formula it is estimated that the Project will render an annual service charge to the City of approximately $39,349 and approximately $1,967 to Hudson County annually.

The property is eligible for long term tax exemption because it is located within the Morris Canal Redevelopment Plan area.

3. **General Statement of the Nature of the Project:**

The Project is a mixed-income residential condominium project, called "All Saints School" located within the Morris Canal Redevelopment Plan area. The Project consists of the gut renovation, rehabilitation, and adaptive reuse of the existing All Saints School, to be converted to a low & moderate income and emerging market residential condominium project, containing twenty-five (25) residential condominium units and four (4) at-grade parking spaces.

Specifically, fifteen percent (15%) of the units, or four (4) units, will be priced and deed-restricted in accordance with state law for low and moderate income persons/families. All low and moderate affordable housing units must be occupied by low and moderate income households for at least thirty (30) years. These affordable units are expected to be available to persons/families with incomes ranging from approximately $24,900 to $51,200 annually.

Eighty-five percent (85%) of the units, or twenty one (21) units, will be emerging market units, the pricing for which will be subject to approval by the NJHMFA in accordance with the NJHMFA CHOICE 100% Financing Program, from which the Project will be seeking financing. Emerging market units are located in areas where new or substantially rehabilitated home ownership units cannot be developed and sold under current local market conditions without a subsidy.

Buyers of the emerging market units will not be subject to household income limitations; however,

due to the CHOICE Program subsidy funding to be provided for construction of the emerging market units, the sale of each emerging market unit shall be subject to a shared appreciation deed restriction for fifteen (15) years.

Under this restriction, at the time of a buyer's sale or cash-out refinance of the unit, and in an amount that shall never exceed that subsidy attributed to the unit, the buyer shall be required to pay the HMFA 100% of the net appreciation should the unit be sold/refinanced during the first 2 years; 50% should the unit be sold/refinanced in the 3rd year; or 25% should the unit be sold/refinanced each year thereafter during the 4th year through the 15th year, except that if, after the 5th year, the unit is sold to a household who will occupy the home as a primary residence, no shared appreciation shall be required.

4. **Term of Abatement:**

The term of the tax exemption being requested by the Applicant is 30 years from the date of substantial completion of the Project.

5. **Improvements to be Constructed:**

The improvements to be constructed will consist of the following:

The site consists of approximately ten thousand square feet (10,000 sq. ft.), or approximately .23 acres of land on Block 2052, Lot ADUP.99 (formerly known as Lots A,B, C, D and E) on the Tax Map of the City of Jersey City, New Jersey. The Project will consist of the gut renovation, rehabilitation, and adaptive reuse of the existing school, which will be converted to a total of twenty five (25) residential condominium units, a bike storage area, and four (4) at-grade parking spaces.

The building's residential units will be distributed as follows: There will be approximately sixteen (16) one bedroom units, of which the low income one bedroom units will average approximately eight hundred sixty five (865) square feet, the moderate income one bedroom units will average approximately nine hundred sixty seven (967) square feet, and the emerging market one bedroom units will average approximately seven hundred ninety seven (797) square feet. There will be approximately nine (9) emerging market two bedroom units, which will average approximately one thousand one hundred seventy (1170) square feet. Each residential condominium unit will have living, dining, and kitchen areas. Four (4) on site parking spaces will be assigned and conveyed to unit owners and residents as limited common elements.

The following is the estimated average pricing for the units:

Low-Income Units (2 units):

1BR = $90,000/unit

Moderate-Income Units (2 units):

1BR = $100,000/unit

Emerging Market Units (21 units):

1BR (12 units) =		$140,000/unit
2BR (9 units)	=	$185,000/unit

The Property is currently owned by All Saints R.C. Church c/o St. Patrick Assumption All Saints Parish. The Applicant or an affiliate or parent thereof has signed contract to purchase the Property from its current owner. See Memorandum of Contract/Archdiocesan Consent attached hereto as Exhibit A-2. Upon transfer of title to the Applicant, the Applicant will construct the Project.

6. **Estimated Total Cost of Project:**

The Total Project Cost, as set forth in Exhibit C is estimated to be $3,696,250. The Total Project Cost has been calculated in accordance with the provisions of N.J.S.A. 40A:20-3(h). Construction costs have been estimated based upon information compiled by the Applicant. The breakdown of the Total Project Cost is attached as Exhibit C.

7. **Financing Structure**:

Construction of the Project will be financed in the total estimated amount of $3,500,000 through New Jersey Community Capital and the NJHMFA's CHOICE Program. Permanent financing will be obtained through the NJHMFA's CHOICE Program.

8. **Fiscal Plan: Annual Gross Revenue and Expenses**:

A Schedule of Annual Gross Revenue for the Project is attached hereto as Exhibit B. A Projected Statement of Property Operations for the Project is attached hereto as Exhibit D.

9. **Construction Schedule**:

The construction of the Project is scheduled to commence in approximately June 2012 and will be completed within approximately 12 months thereafter.

10. **Municipal Land Use Approvals/Redevelopment Plan Area**:

An application for Preliminary and Final Site Plan Approval with Variance(s) for the Project was approved by the Jersey City Planning Board on July 26, 2011. See Resolution attached hereto as Exhibit E. The Project is located within the boundaries of the Morris Canal Redevelopment Plan Area, and apart from the requested variance(s) complies with the zoning requirements therein and the Master Plan of the City of Jersey City.

11. **Real Estate Tax Assessments:**

The total Real Estate Tax Assessment for the Property upon which the Project is to be located is $630,000, based upon a land assessment of $20,000 and an improvement assessment of $610,000 for the year 2011.

12. **Real Estate Taxes Levied**:

As church owned Property, the Property is currently exempt from real estate taxes.

13. **Status of Municipal Taxes and Other Charges:**

The Applicant or an affiliate or parent thereof is a contract purchaser of the Property. Although the Property is currently exempt from real estate taxes, to the best of Applicant's knowledge and belief, all other assessments against the Property have been paid in full. The Applicant will pay or cause all other assessments due on the Property to be paid prior to taking title to the Property.

14. **Disclosure Statement and Certificate of Formation:**

A Disclosure Statement is attached hereto as Exhibit G. The Applicant is an urban renewal limited liability company organized under the Long Term Tax Exemption Law. A copy of the Certificate of Formation is attached hereto as Exhibit F.

15. **Certification of Construction Commencement:**

A Certification from the Applicant that the construction of the Project has not and will not commence prior to final approval and execution of a Financial Agreement between the City and the Applicant is attached hereto as Exhibit H.

16. **Estimated Jobs Created:**

The Applicant estimates that construction of the Project will generate 75 jobs over the construction period. Following the construction period, approximately 1 permanent full time job for a superintendent will be created. The Applicant intends to enter into a Project Employment Agreement with the City of Jersey City. See Project Employment and Contracting Agreement attached hereto as Exhibit L.

17. **Compliance with State and Local Law:**

A Certification by the Applicant that the Project meets the requirements of the laws of the State of New Jersey and the City of Jersey City is attached hereto as Exhibit I.

18. **Certification of Truthfulness and Diligent Inquiry:**

A Certification of the Applicant that all information contained in the application is true and correct to the best of its knowledge after having made diligent inquiry is attached hereto as Exhibit J.

19. **Financial Agreement:**

The proposed Financial Agreement is attached hereto as Exhibit K.

20. **Affordable Housing Contribution:**

No affordable housing contribution is required pursuant to Section 304-28 of the Jersey City Code, as 15% of the units within the Project are low and moderate income housing units.

21. **Fee:**

Since the Project provides housing for individuals/families of low and moderate income, no application fee is required.

7. SUPPLEMENT TO FINANCING STRUCTURE

The following is the breakdown of the public and private capital funding the project:

a. Equity (from Community Asset Preservation Corp/a subsidiary of NJCC) = $ 370,000

b. Construction Loan @ 50% from Community Loan Fund of NJ/NJ Community Capital = $1,665,000

c. Construction Loan @ 50% from NJ HMFA (via CHOICE Program) = $1,665,000

EXHIBIT A-1

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Description of the Property

Block 2052, Lot ADUP.99 (formerly known as Lots A, B, C, D and E)

A metes and bounds description for the tract of land making up the Project is attached hereto.

SCHEDULE A

METES and BOUNDS DESCRIPTION of
Lot ADUP.99, Block 2052
City of Jersey City, Hudson County, New Jersey

BEGINNING at a point formed by the intersection of the Southwesterly right-of way line of Lafayette Street (60 feet wide) with the Northwesterly right-of-way line of Whiton Street (60 feet wide), and from said beginning point running, thence;

1) Along said right of way line Whiton Street South 57 deg. 30 min. 00 sec. West, a distance of 100.00 feet, to a point on the common corner of Lot 22, Block 2052; thence,

2) Along the common line of said Lot 22 , North 32 deg. 30 min. 00 sec. West, a distance of 100.00 feet to a point on the common corner of Lot 12 and Lot 13, Block 2052; thence,

3) Along the common line of said Lot 13 and continuing along the same common line of Lots 14 and 35, Block 2052, North 57 deg. 30 min. 00 sec. East, a distance of 100.00 feet to a point on the Southwesterly right of way line of said Lafayette Street; thence,

4) Along said right of way line of Lafayette Street, South 32 deg. 30 min. 00 sec. East, a distance of 100.00 feet to the point and place of BEGINNING.

Containing 10,000 sq. ft / 0.230 Acres of land more or less.

The above described premises being subject to and together with any easements, rights and restrictions of record.

Formerly known and designated as Lot A, Lot B, Lot C, Lot D and Lot E in Block 2052.

All as shown on a plan entitled "Survey of Property for Lot ADUP.99, Block 2052 located in the City of Jersey City, Hudson County, New Jersey", dated 11/12/2008 and last revised 07-08-11, prepared by Del Norte Land Surveyors, Juan J. Rodriguez, P.L.S., 46 Jackson Avenue, Carteret, New Jersey, 07008.

_____

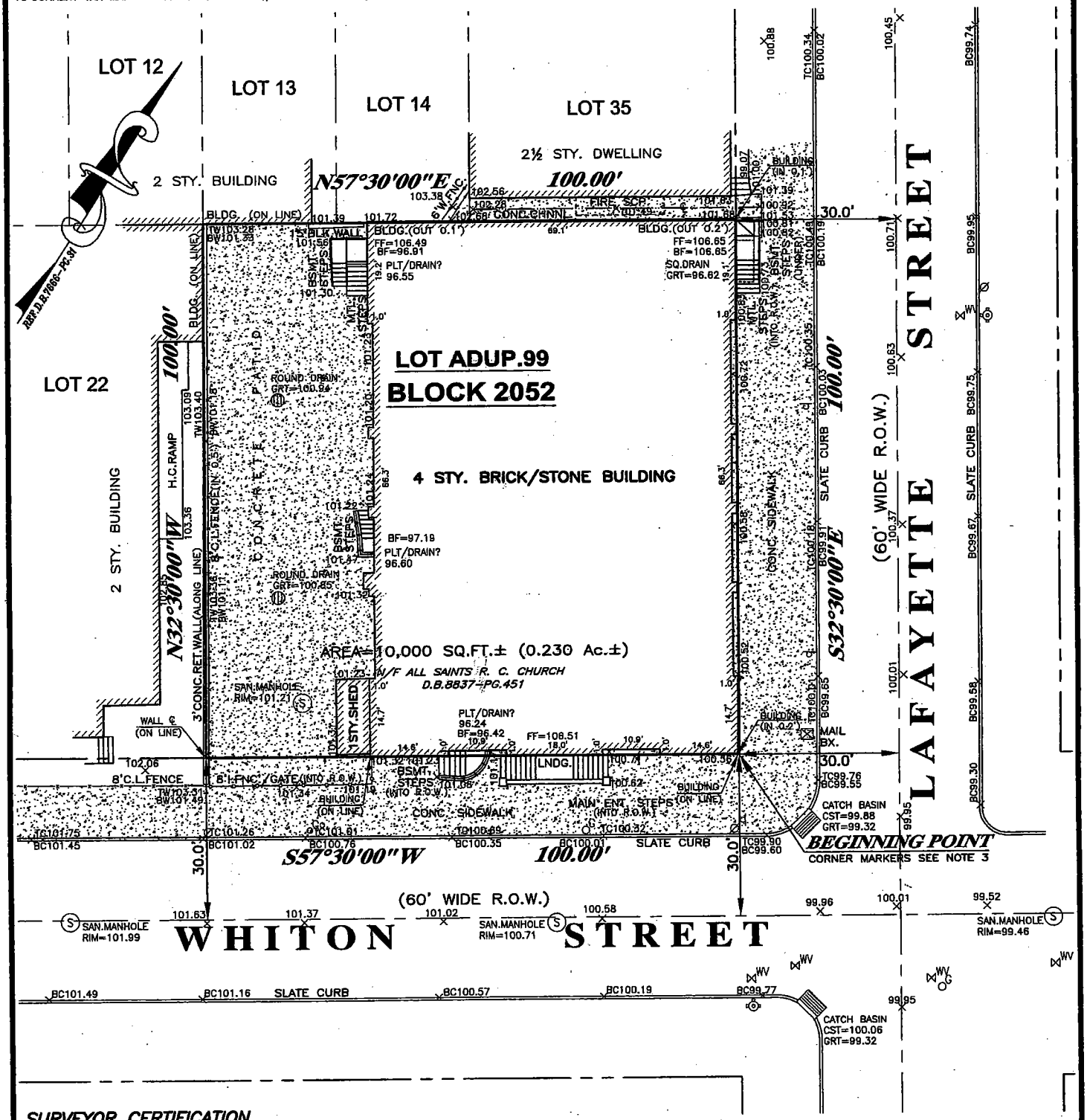
Juan J. Rodriguez, P.L.S.
New Jersey Professional Land Surveyor No.24GS04323000

NOTES & REFERENCES

1. THE INFORMATION SHOWN HEREON CORRECTLY REPRESENTS THE CONDITIONS FOUND AT, AND AS OF THE DATE OF THE FIELD SURVEY. ALL FIELD AND OFFICE WORK HAS BEEN DIRECTED AND SUPERVISED BY A LICENSED LAND SURVEYOR.
2. ALL CLEARANCE DISTANCES AND FOUNDATION TIES SHOWN HEREON ARE PERPENDICULAR OR RADIAL DISTANCES TO THE PROPERTY LINES. DISTANCES AND FEATURES SHOWN WITH THE WORD (OUT) INDICATE THAT THEY ARE OUTSIDE OF THE SURVEYED PARCEL; SIMILARLY THE WORD (IN) INDICATE THAT THEY ARE INSIDE OF THE SURVEYED PARCEL.
3. NO PROPERTY CORNER MARKERS HAVE BEEN SET. A WAIVER OF SETTING CORNER MARKERS OBTAINED FROM THE ULTIMATE USER PURSUANT TO THE BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS REGULATION, N.J.A.C. 13:40-5.1(d).
4. SEEK LEGAL ADVICE REGARDING ANY DISCREPANCY SHOWN ON THIS SURVEY. DISCREPANCIES WOULD INCLUDE ANY DIFFERENCES BETWEEN THE WRITTEN RECORD AND THE FIELD EVIDENCE, ANY GAPS OR OVERLAPS OF PROPERTY LINES AND ANY ENCROACHMENTS OF PERMANENT STRUCTURES INTO OR BEYOND THE PROPERTY LINES OF THE SURVEYED PARCEL.
5. SUBJECT TO EASEMENTS AND RESTRICTIONS THAT MAY EXIST, INCLUDING BUT NOT LIMITED TO: AGREEMENTS, BOUNDARY LINE AND THE LIKE, WRITTEN AND/OR IMPLIED; CLAIMS; CONTRACTS; EASEMENTS; GRANTS; LEASES; LICENSES; LIMITATIONS; MATTERS OF FACT; RESERVATIONS; RESTRICTIONS; RIGHTS, AERIAL AND/OR SUBTERRANEAN; UNWRITTEN TRANSFERS OR CLAIMS; WETLANDS AND FLOOD PLAIN DELINEATION AND/OR STUDIES; MUNICIPAL/COUNTY/STATE AND/OR FEDERAL LAWS, ORDINANCES, REGULATIONS, REQUIREMENTS AND RULES, SPECIFICALLY THOSE CONDITIONS PLACED UPON THIS PARCEL THROUGH THE SUBDIVISION PROCESS AND FOUND IN THE TOWN'S PLANNING BOARD APPROVAL RESOLUTION.
6. SUBSURFACE AND ENVIRONMENTAL CONDITIONS WERE NOT EXAMINED OR CONSIDERED AS PART OF THIS SURVEY. NO INVESTIGATION WAS PERFORMED BY THE SURVEYOR TO POSITIVELY LOCATE AND IDENTIFY BURIED UTILITIES, STRUCTURES OR HOUSE CONNECTIONS. PRIOR TO ANY CONSTRUCTION OR DETAILED DESIGN THE APPROPRIATE UTILITY COMPANY SHOULD BE CONTACTED TO CONFIRM THE EXISTENCE OR ABSENCE OF BURIED UTILITY LINES. A FIELD MARKOUT MAY BE REQUESTED BY CALLING 1-800-272-1000.
7. THIS SURVEY DOES NOT CONSTITUTE A TITLE SEARCH BY THE SURVEYOR AND IS SUBJECT TO SUCH FACTS AS WOULD BE DISCLOSED BY A CURRENT AND ACCURATE TITLE REPORT.

REFERENCE MAPS:

A. CURRENT TAX MAP - CITY OF JERSEY CITY, HUDSON COUNTY, NEW JERSEY, PREPARED BY PURCELL & TAYLOR, P.C., SHEET NO. 12.05.



SURVEYOR CERTIFICATION

I HEREBY CERTIFY THAT TO THE BEST OF MY PROFESSIONAL KNOWLEDGE AND BELIEF, THIS MAP OR PLAN IS THE

EXHIBIT A-2

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Memorandum of Contract/Archdiocesan Consent

See Attached

Memorandum of Contract

Seller:	**ST. PATRICK AND ASSUMPTION/ALL SAINTS CHURCH,** a religious corporation formed under Title 16 of the New Jersey Statutes, with a business address c/o Anthony Romano, II, Esq., Connell Foley LLP, Harborside Financial Center, 2510 Plaza 5, Jersey City, New Jersey 07311, hereinafter "Seller"; and
Buyer	**COMMUNITY ASSET PRESERVATION CORPORATION,** wholly owned subsidiary of New Jersey Community Capital, with its principal place of business at 16-18 West Lafayette Street, Trenton, New Jersey 08608, herein designated as the "Buyer".
Property	**305 WHITON STREET, JERSEY CITY, NEW JERSEY** Lots ADUP.99(f/k/a Lots A, B, C, D, and E)in Block 2052
Purchase Price	$650,000.00.
Deposit	$50,000.
Closing Date	Fifteen (15) days after conclusion of Due Diligence
Due Diligence	Through August 1, 2011, subject to right to extend
Condition of Property	As Is, Where Is and With All Faults
Buyer Right to Assign	Buyer may assign to a non-individual special purpose entity nominated by Buyer, of and over which Buyer has unconditional and unrestricted voting and management control

ARCHDIOCESAN CONSENT

By the signature of the Vicar General affixed below, the Archdiocese of Newark hereby consents to the sale of the property known as 305 Whiton Street, Jersey City, New Jersey by **ST. PATRICK AND ASSUMPTION/ALL SAINTS CHURCH**, pursuant to the terms of the Contract for Purchase and Sale of Real Estate, dated May 23, 2011, to which this consent is attached.

ARCHDIOCESE OF NEWARK

By: _____
REV. MSGR. JOHN E. DORAN
Vicar General

EXHIBIT B

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Annual Gross Revenue Computation

Condominium Formula (N.J.S.A. 40A:20-14)

Projected Sales Price & Projected Annual Service Charge ("ASC")

Unit Type	Average Sq. Ft.	Average Price	Annual Mortgage Payment	Average Annual Mainten-ance Fee *	Percentage of gross revenue	Average Estimated ASC Per Unit/PS	Units	Total Estimated ASC For Type of Unit/Space
Low Inc. One Bedroom	865	$90,000	$5,798 [1]	$5,804	8%	$928	2	$1,856
Mod Inc. One Bedroom	967	$100,000	$6,442 [2]	$6,489	8%	$1,034	2	$2,068
Emerging One Bedroom	797	$140,000	$9,019 [3]	$5,348	10%	$1,437	12	$17,244
Emerging Two Bedroom	1,170	$185,000	$11,917[4]	$7,851	10%	$1,977	9	$17,793

1 Annual mortgage payment computed with a presumed $90,000 principal, a 30 year term at 5.0% per annum interest equaling a monthly payment of $483.14 for 12 months.

2 Annual mortgage payment computed with a presumed $100,000 principal, a 30 year term at 5.0% per annum interest equaling a monthly payment of $536.82 for 12 months.

3 Annual mortgage payment computed with a presumed $140,000 principal, a 30 year term at 5.0% per annum interest equaling a monthly payment of $751.55 for 12 months.

4 Annual mortgage payment computed with a presumed $185,000 principal, a 30 year term at 5.0% per annum interest equaling a monthly payment of $993.12 for 12 months.

Unit Type	Average Sq. Ft.	Average Price	Annual Mortgage Payment	Average Annual Mainten-ance Fee *	Percentage of gross revenue	Average Estimated ASC Per Unit/PS	Units	Total Estimated ASC For Type of Unit/Space
Parking	n/a	$10,000	$644[1]	n/a	15%	$97	4	$388
Total ASC For All Units								**$39,349**

* Average Annual Maintenance Fee computed based upon Projected Statement of Property Operations set forth on Exhibit D attached hereto.

1 Annual mortgage payment computed with a presumed $10,000 principal, a 30 year term at 5% per annum interest equaling a monthly payment of $53.68 for 12 months.

EXHIBIT C

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Estimated Total Project Cost

Total Project Costs (per N.J.S.A. 40a:20-3(h))

Land Value	$720,000
Architects and Engineers	$75,000
Surveying and Testing	$25,000
Construction Costs	$1,875,000
Insurance, Interest, Finance Costs, Soft Costs during construction	$490,000
Commissions and Marketing Expenses in connection with sale of Units	$325,000
Real Estate Taxes and assessments during construction period	$35,000
Developer' overhead	$151,250
Total	**$3,696,250**

EXHIBIT C-1

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Certification of Estimated Construction Costs

On this 5th day of August 2011, the undersigned being the architect for the Project to be developed by Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC, does hereby certify to the best of my knowledge and belief that Exhibit C accurately reflects the estimated actual construction costs of the Project proposed on Block 2052, Lot ADUP.99, more commonly referred to as 305 Whiton Street, Jersey City, New Jersey.

By:_____
Name: Dennis M. Devino, AIA
Title: Architect

EXHIBIT D

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Projected Statement of Property Operations

See Attached

ALL SAINTS SCHOOL MAINTENANCE BUDGET FOR TAX ABATEMENT

			Budget
REVENUES			
1)**Maintenance Assessment**		**$157,600**	
OPERATING EXPENSES			
1)Insurance	$20,000		
2)Management Fee	20,000		
3)Audit Fee	2,500		
4)Office Expenses	N.A.		
5)Legal	2,500		
6)Engineering	2,000		
7)Misc.	5,000		
8)Phone	1,200		
Subtotal Op. Exp.			$53,200
BUILDING & GROUND MAINTENANCE			
1)Electric	$ 8,000		
2)Security	N.A.		
3)Payroll& Benefits	N.A.		
4)Gas	N.A.		
5)Water& Sewer	16,000		
6)Garage	N.A.		
7)Building Repairs	10,000		
8)ElevatorMaint.	10,000		
9)Window Cleaning	1,000		
10)HVACMaint.	N.A.		
11)Security Sys. Maint.	1,200		
12)Fire Sys. Maint.	1,200		
13)GeneralMaint.	12,000		
14)Exterminating	8,000		
15)Trash Removal	12,000		
Sub-total Maintenance		$79,400	
OPERATING CONTINGENCY			
1)Replacemt Reserve	$12,500		
2)Op Contingency	12,500		
Sub-total Contingency		$25,000	
TOTAL MAINTENANCE EXPENSES			**$157,600**

EXHIBIT E

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Resolution Granting Site Plan Approval

See Attached

RESOLUTION OF THE PLANNING BOARD
OF THE CITY OF JERSEY CITY

APPLICANT:	**COMMUNITY ASSET PRESERVATION ALLIANCE #2 OF JC URBAN RENEWAL, LLC**
FOR:	**PRELIMINARY AND FINAL MAJOR SITE PLAN APPROVAL WITH DEVIATIONS** **305 WHITON STREET** **JERSEY CITY, NEW JERSEY** **BLOCK 2052, LOT ADUP.99 (F/K/A A, B, C, D & E)**
CASE NO.:	**P11-047**

WHEREAS, COMMUNITY ASSET PRESERVATION ALLIANCE #2 OF JC URBAN RENEWAL, LLC, (the "Applicant"), per **Connell Foley, LLP,** (Charles J. Harrington, III, Esq., appearing) made application to the Planning Board of the City of Jersey City, County of Hudson and State of New Jersey, for Preliminary and Final Major Site Plan approval with deviations pursuant to N.J.S.A. 40:55D-70(c) (minimum number of required parking spaces) to wit: Calendar No. P11-047, to convert an existing three (3) story building (formerly used as a school) to twenty-five (25) residential units in a four (4) story building (the existing first floor and mezzanine area will be converted into two [2] floors) with regard to the property located at 305 Whiton Street, Jersey City, New Jersey, and is also identified as Block 2052, Lot ADUP.99; and

WHEREAS, due notice of a hearing before the Planning Board of the City of Jersey City, on July 26, 2011, was duly published as prescribed in the Zoning Ordinance of the City of Jersey City; and

WHEREAS, the Applicant has submitted proof that it has complied with the applicable procedural requirements including the payment of fees and public notices; and

WHEREAS, all testimony having been formally heard for this application; and

WHEREAS, after consideration of the application, the testimony presented at the meeting, and the oral and written comments and recommendations of the Division of Planning professional staff, the Planning Board has made the following findings of fact:

FINDINGS OF FACT

1. Community Asset Preservation Alliance #2 of JC, filed an application with the Jersey City Planning Board for Preliminary and Final Major Site Plan approval with deviations pursuant to N.J.S.A. 40:55D-70(c) (minimum number of parking spaces) with regard to the property located at 305 Whiton Street, Jersey City, New Jersey, and is also identified as Block 2052, Lot ADUP.99 (f/k/a A, B, C, D & E). The property is located within the Adaptive Reuse Zone E of the Morris Canal Redevelopment Plan ("Redevelopment Plan") Area.

2. The Applicant is proposing to convert an existing three (3) story building (formerly used as a school) into a residential use with twenty-five (25) units. The Applicant is proposing to convert the existing first floor and mezzanine area into two (2) floors, and therefore, the building will be converted to a four (4) story building (it will be the same height but it will now have four (4) floors on the interior of the property).

3. The proposed use is a permitted principal use.

4. The Applicant is seeking a deviation for relief from the minimum required parking. The requested deviation is required as a result of the existing building and property layout. Specifically, the existing building covers a majority of the land and there is limited available land to provide for parking. The Applicant is maximizing the on-site parking while redeveloping and restoring the property to a productive and appropriate use.

5. When there are no specific requirements in a zone, the general residential parking standards for residential uses within the Redevelopment Plan area are one parking space per unit. The parking requirements do not carve out exceptions for the conversion of buildings to a residential use.

6. The underlying zoning district for this property is the Residential Zone (which permits "residential" uses with density generally resulting in development equivalent to the R-1 zoning). The Residential Zone provides that "existing homes" are exempt from parking requirements, and recognizes that providing for parking for existing structures is and can be difficult, if not impossible, and would be a hardship to any end user of the building.

7. This property was historically used for a school with no on-site parking, and the prior use generated the same, similar or more traffic and parking demands, which did not create any substantial detriments to the immediate neighborhood.

8. The adaptive reuse of the building is a tremendous benefit to the property, and will restore a signature building in the neighborhood. Therefore, the benefits of permitting the adaptive re-use with less than the required parking outweigh any substantial detriments, and the relief from the parking requirements can be granted.

9. The requested deviation is appropriate, will not cause a substantial detriment to the public good, nor impairment to the intent and purpose of the Jersey City Zone Plan and Zoning Ordinance, it would be a hardship to comply with the parking requirements, and can be grated because the benefits outweigh any substantial detriments.

NOW, THEREFORE, BE IT RESOLVED that the Planning Board of the City of Jersey City, County of Hudson and State of New Jersey, for the foregoing reasons, approves the within application for Preliminary and Final Major Site Plan Approval with deviations pursuant to N.J.S.A. 40:55D-70(c), (minimum number of parking spaces), to wit: Calendar No. P11-047, to convert an existing three (3) story building (formerly used as a school) to twenty-five (25) residential units in a four (4) story building (the existing first floor and mezzanine area will be converted into two (2) floors), with regard to the property located at 305 Whiton Street, Jersey City, New Jersey, and is also identified on the Jersey City Tax maps as Block 2052, Lot ADUP.99 (f/k/a A, B, C, D & E), in accordance with the plans and testimony submitted to the Planning Board of the City of Jersey City, subject to the following conditions:

1. All conditions set forth on the record.
2. This resolution may be amended to specifically set forth the conditions individually and at length herein.

APPLICANT: **COMMUNITY ASSET PRESERVATION ALLIANCE #2 OF JC URBAN RENEWAL, LLC**

FOR: **PRELIMINARY AND FINAL MAJOR SITE PLAN APPROVAL WITH DEVIATIONS**
305 WHITON STREET
JERSEY CITY, NEW JERSEY
BLOCK 2052, LOT ADUP.99, (F/K/A A, B, C, D & E)

CASE NO.: **P11-04 7**

VOTE: 8-1

COMMISSIONER:	YES	NO	ABSTAIN
Michael Ryan, Chairman	X		
Dr. Orlando Gonzalez	X		
Leon Yost, Commissioner	X		
Karen McIntyre, Commissioner	X		
Larry Eccleston, Commissioner	X		
~~Michael Jenner~~, Commissioner			
Roseanna Petruzelli, Commissioner	X		
Michael Sims, Commissioner		X	
Nida Lopez, Commissioner	X		
Madeline Romano, Commissioner	—		
Commissioner McNeill	X		

MICHAEL RYAN, CHAIRMAN
JERSEY CITY PLANNING BOARD

ROBERT COTTER, SECRETARY
JERSEY CITY PLANNING BOARD

APPROVED AS TO LEGAL FORM:

JOHN F. HAMILL, ESQ.

DATE OF HEARINGS: July 26, 2011
DATE OF MEMORIALIZATION: July 26, 2011

EXHIBIT F

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

CERTIFICATE OF FORMATION

See Attached

New Jersey State Business Gateway Service
Corporate and Business Information Reporting

Business Entity Status Report

Printing Instructions: Open your Browser's Page Setup menu and set your page margins to 0.25". Use your Browser's Print option to print the report as seen on screen.

Saving Instructions: Save this file to your hard drive for later viewing by using the Browser's "Save As" function.

All available information is displayed.

Status Report For: COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Business Name: COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Report Date: 07/19/2011

Business ID Number: 0600376094

Transaction Number: Sequence: 1883845: 1

Business Type: DOMESTIC LIMITED LIABILITY COMPANY

Status: ACTIVE

Filing Date: 07/15/2011

Home Jurisdiction: NJ

Status Change Date:

Stock Amount: 0

DOR Suspension Start Date:

DOR Suspension End Date:

Tax Suspension Start Date:

Tax Suspension End Date:

Annual Report Month: 7

Last Annual Report Filed:

For Last Annual Report Paid Year:

Incorporator:

Agent: STUART B. KLEPESCH, ESQ.

Agent Address: 25 LINDSLEY DRIVE SUITE 200
MORRISTOWN, NJ 07960

Office Address Status: Deliverable

Main Business Address:

Principal Business Address:

Associated Names

Name:

Type Description:

Officers/Directors/Members: Not Available

Exit Return to Main List

State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
101 SOUTH BROAD STREET
PO BOX 805
TRENTON, NJ 08625-0805

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

LORI GRIFA
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer
RE: COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY#2 URBAN RENEWAL, LLC
File # 1077
An Urban Renewal Entity

This is to certify that the attached CERTIFICATE OF FORMATION OF AN URBAN RENEWAL ENTITY has been examined and approved by the Department of Community Affairs, pursuant to the power vested in it under the "Long Term Tax Exemption Law," P.L. 1991, c.431.

Done this 7th day of July 2011 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

BY
Edward M. Smith, Director
Division of Codes and Standards

CERTIFICATE OF FORMATION

OF

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY#2

URBAN RENEWAL, LLC

THIS is to certify that there is hereby formed a Limited Liability Company, under and by virtue of the New Jersey Limited Liability Company Act, N.J.S.A. 42:2B-1 et seq. and I hereby certify pursuant to said Act to the following:

FIRST

The name of the Limited Liability Company is:

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY#2

URBAN RENEWAL, LLC

SECOND

The location of and address of the company's initial registered office is: 25 LINDSLEY DRIVE, SUITE 200, MORRISTOWN, NEW JERSEY, 07960, AND, the name of the initial Registered Agent therein and in charge thereof upon whom process against the Company may be served pursuant to N.J.S.A. 42:2B-6(2)is: STUART B. KLEPESCH.

THIRD

The limited liability company is to have existence for thirty (30) years.

FOURTH

The purpose of the Company is to operate under P.L. 1991 c. 431 (C.40A:20-1 *et seq.*), and to initiate and conduct projects for the redevelopment of a redevelopment area pursuant to a redevelopment plan, or projects necessary, useful or convenient for the relocation of residents displaced or to be displaced by the redevelopment of all or part of one or more redevelopment areas, or low and moderate income housing projects, and, when authorized by financial agreement with the 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.*).

FIFTH

This limited liability company shall not, so long as it is obligated under a financial agreement with a municipality made

pursuant to P.L. 1991, c.431 (C.40A:20-1 *et seq.*), engage in any business other than the ownership, operation and management of the Project.

SIXTH

This limited liability company has been organized to serve a public purpose, that its operation shall be directed toward (1) the development of redevelopment areas, the facilitation of the relocation of residents displaced or to be displaced by redevelopment, or the conduct of low and moderate income housing projects; and (2) the acquisition, management and operation of a project, redevelopment relocated housing project or low and moderate income housing project under P.L. 1991, c.431 (C.40A:20-1 *et seq.*). It shall be subject to regulation by the municipality in which the project is situated and to a limitation or prohibition as appropriate on profits or dividends for so long as it remains the owner of a project subject to P.L. 1991, c.431 (C.40A:20-1 et seq.)

SEVENTH

This entity shall not voluntarily transfer more than ten (10%) percent of its ownership of the project or any portion thereof undertaken by it under P.L. 1991, c.431 (C.40A:20-1 *et seq.*), until it has first removed both itself and the project from all restrictions of P.L. 1991, c.431 (C.40A:20-1 *et seq.*)

in the manner required by P.L. 1991, c.431 (C.40A:20-1 *et seq.*) and, if the project includes housing units and has obtained the consent of the Commissioner of Community Affairs to such transfer, with the exception of transfer to another urban renewal entity, as approved by the municipality in which the project is situated, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the municipality. This entity 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 of each. Nothing herein shall prohibit any transfer of the ownership interest in the urban renewal entity itself provided that the transfer, if greater than ten (10%) percent, 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.

EIGHTH

This entity 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 urban renewal entity or to perform actions on behalf of the entity upon a determination of financial emergency.

NINTH

Any housing units constructed or acquired by this entity shall be managed subject to the supervision of and rules adopted by the Commissioner of Community Affairs, State of New Jersey.

This Certificate of Formation shall be effective as of the date of filing.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation this 29th day of JUNE, 2011.

STUART B. KLEPESCH, ESQ.
Authorized Legal Representative

EXHIBIT G

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

Disclosure Statement

NAME OF ENTITY:	Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC
PRINCIPAL OFFICE:	c/o N.J. Community Capital, 16-18 West Lafayette St., Trenton, N.J.
NAME OF REGISTERED AGENT:	Stuart Klepesch, Esq., 25 Lindsley Drive, Suite 200, Morristown,N.J.

I CERTIFY THAT THE FOLLOWING LIST REPRESENTS THE NAMES OF ALL MEMBERS OWNING A 10% OR GREATER INTEREST IN THE ABOVE ENTITY (IF ONE OR MORE OF THE BELOW NAMED IS ITSELF AN ENTITY, THE NAMES OF ANY ENTITY OWING A 10% OR GREATER INTEREST THEREIN)

NAME	ADDRESS	PERCENT OWNED
Community Asset Preservation Corporation (CAPC)	c/o N.J. Community Capital 16-18 West Lafayette St. Trenton, N.J.	50%
301 Whiton Street L.L.C.	199 Claremont Ave Jersey City, N.J.	25%
Schoolscape L.L.C.	31 Franklin Rd. Mendham, N.J.	25%

Please note that CAPC is a non-profit corporation. The list of the Board members is appended and made a part of this document.

The sole member of 301 Whiton Street L.L.C. is:

NAME	ADDRESS	PERCENT OWNED
Edward Fowlkes	199 Claremont Avenue Jersey City, N.J.	100%

The sole member of Schoolscape L.L.C. is:

NAME	ADDRESS	PERCENT OWNED
Mark Munley	31 Franklin Rd. Mendham, N.J.	100%

I FURTHER CERTIFY THAT THE FOREOING STATEMENTS MADE BY ME ARE TRUE. I AM AWARE THAT IF ANY OF THE FOREGOING STATEMENTS MADE BY ME ARE WILLFULLY FALSE, I AM SUBJECT TO PUNISHMENT.

Dated: 7/20, 2011

Community Asset Preservation Alliance of Jersey City
#2 Urban Renewal, LLC

Witnessed:

By: _____
Name: Mark Munley

By: _____
Name: Edward Fowlkes

CAPC BOARD OF DIRECTORS

NAME	BUSINESS INFORMATION	TERM ENDS
Benoit, Dudley *Vice Chair, Corp. Governance, Credit*	JP Morgan Chase Community Development Group Intermediaries Lending & Investing One Chase Plaza 6th Floor Mailcode NY 1-A114 New York, NY 10005 Phone: (212) 552-7763 Cell: (201) 679-7585 Dudley.benoit@jpmchase.com	2011
Brown, Ellen *Finance*	New Jersey Institute for Social Justice 60 Park Avenue Suite 511 Newark NJ 07102 Phone: (973) 624-9400 x 21 Fax: (973) 624-0704 ebrown@njisj.org	2012
Reverend Bruce H. Davidson *Policy and Advocacy*	Director, NJ Synod-Evangelical Lutheran Church in America Lutheran Office of Governmental Ministry In NJ 176 West State Street Trenton, NJ 08608 Phone: (609) 396-4071 brucedavidson@yahoo.com	2012
Keenan, Brian *Secretary, Finance, Audit*	Real Estate Advisory & Development Services, Inc. 224 Main Street Metuchen, NJ 08840 Phone: (732) 635-1000 x 153 Fax: (732) 635-2000 bkeenan@readsusa.com	2011
Kelly, Patrick J. *Corp. Governance*	Bank of America Sr. V.P. Market Manager 301 Carnegie Ctr. Princeton, NJ 08540 Wilmington Office: (302) 432-0719 Phila Office: (267) 675-0331 Fax: (302) 432-0681 Patrick.j.kelly@bankofamerica.com	2011
Malmstrom, Carl *Treasurer, Finance, Audit, Policy and Advocacy*	Venture Investment Association 88 Main Street, PO Box 131 Peapack, NJ 07977 Phone: (908) 532-0020 Fax: (908) 532-0040 cmalmstrom@viafunds.com	2011
Morrissy, Patrick *Finance*	H.A.N.D.S. Executive Director 439 Main St. Orange, NJ 07050 Phone: (973) 678-3110 Fax: (973) 678-0014 Patrick@handsinc.org	2012

NAME	BUSINESS INFORMATION	TERM ENDS
Polton, Richard *Credit*	Value Research Group, LLC 301 S. Livingston Ave. Newark, NJ 07039 Phone: (973) 422-9800 x 12 Fax: (973) 422-9797 rpolton@valueresearch.com	2010
Ries, Alle *Corp. Governance*	LaCasa de Don Pedro 317 Roseville Ave. Newark, NJ 07107 Phone: (973) 485-0701 x 4601 Fax: (973) 485-7555 aries@lacasanwk.org	2011
Zimmerman, Ken *Chair, Member of all committees*	Lowenstein Sandler, PC 65 Livingston Ave Roseland, NJ 07068-1791 Phone: (973) 597-2494 x 2109 Fax: (973) 597-2495 kzimmerman@lowenstein.com	2012
Meyer, Wayne T. *President, Member of all Committees*	New Jersey Community Capital 16-18 West Lafayette St. Trenton, NJ 08608 Phone: (609) 989-7766 x 308 Fax: (609) 393-9401 Cell: (201) 259-0393 wmeyer@njclf.com	2012

EXHIBIT H

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC
Commencement Certification

The Applicant being the developer of the Project hereby certifies that:

1. Construction of the Project has not and will not commence prior to the final approval and execution of the Financial Agreement between the City and the Applicant.
2. The foregoing statement made by me this 20th day of July 2011 is true to the best of my knowledge and I understand that the City of Jersey City is relying upon this Certification in considering the Application.

Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC

Witnessed:

By: _____
Name: Mark Munley

By: _____
Name: Edward Fowlkes

EXHIBIT I

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

COMPLIANCE WITH STATE AND LOCAL LAWS CERTIFICATION

Certification

The Applicant being the developer of the Project hereby certifies that;

1. The Project meets the requirements of the laws of the State of New Jersey for consideration for a tax exemption because it is located within the Morris Canal Redevelopment Plan Area.

2. Apart from the variance(s), the Project complies with the requirements of the Morris Canal Redevelopment Plan Area and the Master Plan for Jersey City, and the Project is expected to receive Preliminary and Final Site Plan Approval with Variances from the Jersey City Planning Board by Resolution adopted on July 26, 2011.

The foregoing statements made by me on this 28 day of July 2011 are true to the best of my knowledge and after it has made diligent inquiry to confirm the accuracy of all information.

Community Asset Preservation Alliance of Jersey City
#2 Urban Renewal, LLC

Witnessed:

By: _____ By: _____
Name: Mark Munley Name: Edward Fowlkes

[redacted]

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

DILIGENT INQUIRY CERTIFICATION

The Applicant being the developer of the Project hereby certifies to the City of Jersey City that all information contained in this Application is true and correct to the best of the Applicant's knowledge, after it has made diligent inquiry to confirm the accuracy of all information.

Dated: 7/20/11

Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC

Witnessed:

By: _____
Name: Mark Munley

By: _____
Name: Edward Fowlkes

EXHIBIT K

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

PROPOSED FINANCIAL AGREEMENT

(SEE ATTACHED)

Rev. 8-23-05
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
(~~Market Rate~~ Residential Condominium)
Affordable

305 Whitan Street

Re: ~~254-258 Warren Street and 120-124 York Street~~
Approximately ~~.1727 Acres~~ .23
Block ~~102~~, Lots ~~T, V.1, V.2, 72, and 73~~ ADUP. 99
~~to be known as Lot 76~~
~~Jersey City Urban Enterprise Zone~~
2052
Community Asset Preservation Alliance of Jersey City ~~#2~~ Urban Renewal, LLC
Morris Canal Redevelopment Plan Area

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the ~~4th~~ day of ~~March~~, ~~2008~~ 2011 by and between ~~THE WARREN @ YORK URBAN RENEWAL, LLC~~, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at ~~16 Microlab Road, Suite A, Livingston,~~ c/o NJ Community Capital, 16-18 W. Lafayette St, Trenton New Jersey [Entity], and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Owner of certain property designated as Block ~~102,~~ Lots ~~T, V.1, V.2, 72, and 73, to be known as Lot 76,~~ 2052 ADUP. 99 more commonly known by the street address of ~~254-258 Warren~~ 305 Whitan Street ~~and 120-124 York Street~~, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the ~~Jersey City Urban Enterprise Zone;~~ Morris Canal Redevelopment Plan Area and

WHEREAS, the Entity plans to ~~construct one (1) building that will be twelve (12) stories in height, containing~~ rehabilitate an existing school on the property to create approximately ~~fifty (50) market rate~~ 25 low and moderate and emerging market residential condominium units ~~with approximately 1,400 square feet of ground floor retail space and fifty (50) on site parking spaces~~ of which 4 units will be affordable to families of low and moderate income, and 21 units will be deed restricted emerging market units, as well as 4 on-site parking spaces [Project]; and

_____ 2011

WHEREAS, on or about ~~November 30, 2007~~, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs: $0 / as the Property is currently exempt

1. the current real estate tax generates revenue of only ~~$14,561~~, whereas, the Annual Service charge as estimated, and will generate revenue to the City of approximately ~~$460,458~~; $39,349

~~2. the Entity shall pay the City the sum of $77,100, as an affordable housing contribution pursuant to Ordinance 03-112;~~

2 ~~3.~~ it is expected that the Project will create approximately 75 ~~80~~ jobs during construction and ~~3~~ new permanent jobs;

3 ~~4.~~ the project should 1 stabilize and contribute to the economic growth of existing local business and to the creation of new business, which cater to the new residents;

4 ~~5.~~ the Project will further the redevelopment objectives of the ~~Jersey City Urban Enterprise Zone~~ Morris Canal Redevelopment Plan;

5 ~~6.~~ the Project provides 25 units of affordable housing which advances an inherently beneficial purpose, notwithstanding that the City's impact analysis, on file with the Office of the City Clerk, indicates that the service charge will not support the cost of municipal services to the Project. ~~the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and~~

B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and

2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will insure the likelihood of the success of the Project and insure that it will have a positive impact on the surrounding area; and

WHEREAS, by the adoption of Ordinance ~~08-011~~ on ~~February 13, 2008~~, the Municipal Council approved the above findings and the tax exemption application and authorized the execution of this Agreement.

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

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor, 02-003, Ordinance 02-075, and Ordinance ~~08-011~~, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

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

* See below

i. Allowable Net Profit- The amount arrived at by applying the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c).

ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iii. Annual Gross Revenue - The amount equal to the annual aggregate constant payments of principal and interest, assuming a purchase money mortgage encumbering the condominium unit to have been in an original amount equal to the initial value of the unit with its appurtenant interest in the common elements as stated in the master deed, if unsold by the urban renewal entity, or, if the

* i. Affordable Low or Moderate Income – A person or household whose total Gross Annual Income is equal to between 30% and 80% or less of the median gross income figure established by geographic region + household size using the income guidelines approved for use by the New Jersey Council on Affordable Housing or as it may be amended pursuant to N.J.A.C. 5:92-12

unit is held by a unit purchaser, from time to time, the most recent true consideration paid for a deed to the condominium unit in a bona fide arm's length sale transaction, but not less than the initial assessed valuation of the condominium unit assessed at 100% of the true value, plus the total amount of common expenses charged to the unit pursuant to the by laws of the condominium association. The constant payments to principal and interest shall be calculated by assuming a loan amount as stated above at the prevailing lawful interest rate for mortgage financing on comparable properties within the municipality as of the date of the recording of the unit deed, for a term equal to the full term of the exemption from taxation stipulated in this Agreement; and provided further that any gain realized by the Entity on the sale of any unit in fee simple, whether or not taxable under Federal or State law, shall not be included in computing gross revenue.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12.

v. Auditor's Report - A complete financial statement outlining the financial status of the Project (for a period of time as indicated by context), which shall also include a certification of Total Project Cost and clear computation of Net Profit. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. 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 - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the project for a period equal to the term of this agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean ~~The Warren @ York Urban Renewal, LLC~~ Community Asset Preservation, Alliance of Jersey City #2 Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xi. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xii. Land Taxes - The amount of taxes assessed on the value of land, on which the project is located and, if applicable, taxes on any pre-existing improvements. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiii. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 02-003, relating to long term tax exemption, as it may be amended and supplemented; Ordinance 02-075, and Ordinance ~~08-011,~~ which authorized the execution of this Agreement.

xv. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be 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, or in the event the property was tax exempt, then the amount of the taxes that would have been assessed had the property been subject to conventional taxation, which amount the parties agree is ~~$14,561.~~ $0

xvi. Net Profit - The Gross Revenues of the Entity less all operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all payments to the City of excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xvii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xviii. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

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

xx. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be included in Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any extraordinary costs incurred including the cost of demolishing

structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title. The Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 2052, Lot ADUP.99 ~~102, Lots T, V.1, V.2, 72, and 73, to be known as Lot 76~~, more commonly known by the street address of 305 Whiton Street ~~254-258 Warren Street and 120-124 York Street~~, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will ~~construct one (1) building that will be twelve (12) stories in height, containing approximately fifty (50) market rate residential condominium units with one (1) commercial unit consisting of approximately 1,400 square feet of ground floor retail space and fifty (50)~~ condominium rehabilitate an existing school on the Property to create 25 affordable units, of which 4 units will be affordable to families of low and moderate income and 21 units will be deed restricted emerging market units, as well as four (4) on site parking spaces, all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the owner of the property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be managed and

controlled as follows:

The project will be managed and controlled by the Entity until it is converted to condominium ownership pursuant to N.J.S.A. 46:8B-1 et seq., the Condominium Act, at which time the common areas of the Project will be managed and controlled by the condominium association. The individual condominium units of the Project will continue to be owned by the Entity until each unit is sold to a bona fide third party unit purchaser grantee.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth estimated Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Sales

The Entity represents that its good faith projections of the initial sales prices for units in the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of ~~25~~ 35 years from the date of the adoption of Ordinance ~~08-011~~ on ~~February 13, 2008~~, which approved the tax exemption or ~~20~~ 30 years from the date of Substantial Completion of the Project. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following payments to the City:

i. **City Service Charge**: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to ~~16%~~ 10% of the Annual Gross Revenue. ~~The~~ for the emerging market units and 8% for the low and moderate income units.

The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue which shall not be less than the its estimate of Gross Revenue as set forth in its Financial Plan, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

A Minimum Annual Service Charge shall be due beginning on the effective date of this Agreement. The Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

ii. **County Service Charge**: an amount equal to 5% of the Annual Service Charge upon receipt of that charge, for remittance to the County by the City.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the ~~6th~~ 15th year, the Annual Service Charge shall be ~~16%~~ 10% of Annual Gross Revenue~~s~~ for the emerging market units and 8% for the low and moderate income units

ii. Stage Two: Beginning on the 1st day of the ~~7th~~ 16th year following Substantial Completion until the last day of the ~~9th~~ 21st year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the ~~10th~~ 22nd year following the Substantial Completion until the last day of the ~~13th~~ 27th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the ~~14th~~ 28th year following Substantial Completion until the last day of the ~~17th~~ 29th year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the value of the land and Improvements.

v. Final Stage: Beginning on the 1st day of the ~~18th~~ 30th year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the value of the land and Improvements.

Section 4.3 Credits

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credits against the Annual Service Charge for that quarter. No credit will be applied against the Annual Service Charge for partial payments of Land Taxes. In addition, the City shall have, among this remedy and other remedies, 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 declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments

The Entity expressly agrees that the Annual Service Charge 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 calendar year. In the event that the Entity fails to pay the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two (2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge. In the event that the Entity fails to timely pay the Administrative Fee, 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 4.6 Affordable Housing Contribution and Remedies**~~

~~A. **Contribution**: The Entity shall pay the City the sum of $75,000 ($1500 per unit x 50 units) plus $2,100 ($1.50 per square foot of retail space x 1,400 square feet), for a total of $77,100 as a contribution. The sum shall be due and payable as follows:~~

~~i. 1/3 on or before the effective adoption date of the ordinance approving the tax exemption, that is the effective date of the executed Financial~~ Agreement;

~~ii. 1/3 on or before the issuance of the first of any construction permit for the Project, but~~ no ~~later than six months after the date of the Financial Agreement; and~~

~~iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.~~

~~The Entity acknowledges that the City relies on this payment and will enter into agreements in anticipation of receiving such funds in a timely manner.~~

~~B. Remedies. In the event that the Entity fails to timely pay the contribution, 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 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including adjustments thereto, Administrative Fees, ~~Affordable Housing Contributions,~~ and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

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 obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5. The failure to secure the Certificates of Occupancy shall subject the property to full taxation for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

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, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Master Deed

It shall be the obligation of the Entity to file with the Tax Assessor, a copy of the Master Deed for the condominium, upon its recordation in the Hudson County Register's Office.

ARTICLE VII - ANNUAL REPORTS

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.

Section 7.2 Periodic Reports

A. An Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to: condominium unit purchase price, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year.

B. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in

the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City and the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity.

All costs incurred by the City to conduct the audit, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue. Pursuant to N.J.S.A. 40A:20-14(b) there is expressly excluded from the calculation of Gross Revenue and Net Profit in the determination of Excess Profit, any gain realized by the Entity on the sale of any condominium unit, whether or not taxable under federal or state law.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any fiscal year, shall exceed the Allowable Net

Profits for such period, then the Entity, within one hundred and twenty (120) days after the end of such fiscal year, shall pay such excess Net Profits to the City as an additional service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the entity's excess net profits shall include those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this agreement even though those costs may have been deducted from the project costs for purposes of calculating the annual service charge.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval

Any sale or transfer of the Project, shall be void unless approved in advance by Ordinance of the Municipal Council. 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 this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement is fully assumed by the new Entity, 5) the Entity shall pay the City a transfer fee equal to 2% of the then current Annual Service Charge as required by N.J.S.A. 40A:20-10d. Nothing herein shall prohibit any transfer of the ownership interest in the entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement.

Section 9.2 Approval for Sale of Condominium Unit

Subsequent to the filing of the master deed pursuant to N.J.S.A. 46:8B-1 et seq., the sale of a condominium unit to an individual bona fide unit purchaser grantee shall not require the consent or approval of the City or payment of the transfer fee and the grantee shall acquire title to the unit

subject to the requirements for payment of the Annual Service Charge and all other terms and conditions of this Agreement. However, within sixty (60) days of the date of title closing, the grantee shall be required to provide the City with a copy of the unit deed and the Affidavit of Consideration. In addition, at the request of the City, the grantee shall be required to provide any other evidence reasonably necessary to appropriate to enable the city to evaluate the bona fides of the sale and/or the actual consideration paid for the unit. The grantee need not personally reside in the unit.

Section 9.3 Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as currently amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2002-005, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have sixty (60) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such sixty (60) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

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 declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, ~~Affordable Housing Contribution~~, or the Annual Service Charges shall not be subject to the default procedural remedies as provided in Article XI herein, but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII. 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 termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, ~~Affordable Housing Contribution~~ or Administrative Fees. 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 as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, ~~Affordable Housing Contribution,~~ Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's land and property, in the manner provided by the In Rem Foreclosure Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may after the expiration of one year from the Substantial Completion of the Project notify the City that as of a certain date designated in the notice, it relinquishes its status as a tax exempt Project. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. ~~However, under no circumstances will the Entity be entitled to any refund of the Affordable Housing Contribution.~~

Section 12.3 Final Accounting

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

accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within 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, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long-Term Tax Exemption Law. The cost for the arbitration shall be borne equally by the parties. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Article IV, Section 4.7 as Material Conditions.

ARTICLE XIV - WAIVER

Section 14.1 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 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 which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs, through trial and all stages of any appeal, including the cost of enforcing this indemnity) arising out of Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also 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 City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

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

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

~~The Warren @ York Urban Renewal, LLC~~ Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC
~~16 Microlab Road – Suite A~~ c/o NJ Community Capital
~~Livingston, New Jersey 07039~~ 16-18 West Lafayette Street
~~Att: Jonathan Schwartz~~ Trenton, New Jersey
and Attn:
Connell Foley, LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, New Jersey 07311-4029
~~Att: James C. McCann, Esq.~~ ~~Attn:~~ Charles Harrington, Esq.

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to 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 Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This 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 Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

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

Section 18.3 Oral Representations

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

Section 18.4 Entire Document

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

Section 18.5 Good Faith

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

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Sales Prices;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.

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

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

WITNESS:

~~**THE WARREN @ YORK URBAN RENEWAL, LLC**~~

ATTEST:

CITY OF JERSEY CITY

ROBERT BYRNE
CITY CLERK

~~**BRIAN O'REILLY**~~
BUSINESS ADMINISTRATOR

EXHIBIT L

COMMUNITY ASSET PRESERVATION ALLIANCE OF JERSEY CITY #2 URBAN RENEWAL, LLC

PROPOSED PROJECT EMPLOYMENT AGREEMENT

(SEE ATTACHED)

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

Urban Renewal, LLC

This Project Employment & Contracting Agreement is made on the _____ day of _____ 2003, between the **CITY OF JERSEY CITY** [City] and Community Asset Preservation Alliance of Jersey City #3 having its principal office at 16-18 W. Lafayette St., Trenton, New Jersey Recipient agree as follows:

I. Definitions:

The following words and terms, when used in this Agreement, shall have the following meaning unless the context clearly indicates otherwise.

1) "City" means, the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into a contract with the City to implement, in whole or in part, this Agreement.

2) "Construction Contract" means, any agreement for the erection, repair, alteration or demolition of any building, structure, bridge, roadway, or other improvement on a Project Site.

3) "Contractor" means, any party performing or offering to perform a prime contract on behalf of the Recipient.

4) "DEO" refers to the Division of Economic Opportunity under the Department of Administration, located at 1 Journal Square Plaza, 2nd fl., Jersey City, NJ 07306. Telephone # (201) 547-5611. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.

5) "Economic Incentive" means, a tax abatement or exemption for a property or project which requires approval of the Municipal Council and which reduces the annual amount of taxes otherwise due, by $25,000 or more in the aggregate;

6) "Employment" means, any job or position during the construction and operational phase of the project. It includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this Agreement.

7) "Local Business" means, a bona fide business located in Jersey City.

8) Mayor Healy's Business Cooperative Program means the group within DEO under the Department of Administration responsible for collecting local and minority business contracts and capability information. This group operates the Supplier Alert service which is to be used by the Recipient to meet their good faith business contracting and construction subcontracting goals.

9) "Minority" means, a person who is African-American, Hispanic, Asian, or American Indian defined as follows:

a) "African-American" means a person having origins in any of the black racial groups of Africa.

b) "Hispanic" means a person of Mexican, Puerto Rican, Cuban, Central or South American or other Latino culture or origin, regardless of race, excluding, however, persons of European origin.

c) "Asian" means, a person having origins in any of the original people of the Far East, Southeast Asia, and subcontinent India, Hawaii or the Pacific Islands.

d) "American Indian" means, a person having origins in any of the original people of North America who maintains cultural identification through tribal affiliation or community recognition.

10) "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a minority or a woman.

11) "Non-Traditional Jobs" means jobs which are held by less than twenty percent (20%) women as reported by the New Jersey Department of Labor, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.

12) "Permanent Jobs" means newly created, long term, salaried positions, whether permanent, temporary, part time or seasonal.

13) "Project or Project Site" means the specific work location or locations specified in the contract.

14) The "Project Employment & Contracting Coordinator" is a member of the DEO staff under the Department of Administration who is in charge of coordinating Project Employment & Contracting projects. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Project Employment & Contracting Coordinator.

15) The "Project Employment & Contracting Monitor" or "Monitor" is a member of the DEO staff under the Department of Administration directly under the command of the Project Employment & Contracting Coordinator, who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting housekeeping as stipulated by this agreement.

16) The "Project Employment & Contracting Officer" or "Officer" is an employee of the recipient who is designated by the recipient to make sure the recipient is in compliance with the recipient's Project Employment & Contracting Agreement.

17) "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive and shall include any Contractor, Subcontractor or agent of the Recipient.

18) "The Registry" or "Jersey City Employment Registry" means a list maintained by the City or its designee of Jersey City residents seeking project employment in Local Businesses, including Minority or Woman Owned Local Businesses seeking contracts.

19) "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.

20) "Subcontractor" means a third party that is engaged by the prime contractor to perform under a subcontract all or part of the work included in an original contract.

21) "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II Purpose:

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal Law and so long as the entity discharges its Good Faith obligations under this Agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

III. Good Faith Goals

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this Agreement, the Recipient will not be required to comply with the interviewing or reporting obligations set forth in Section VI 1., A-L (Construction Jobs) and Section VI, 2., A-J (Permanent Jobs). All goals for Construction Jobs shall be calculated as a percentage of the total number of work hours in each trade from the beginning of the project to its completion.

1) **Employment:** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent of whom are residents who are Minorities and, in Non-Traditional Jobs, six point nine (6.9%) percent of whom are residents who are women, it being understood that one employee may satisfy more than one category.

2) **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding twenty (20%) percent of the dollar amount of its contracts to Local Businesses, fifty-one (51%) percent of which shall be Minority or Women Owned Local Businesses. If 51% of Minority or Women Owned Local Businesses cannot be obtained, that percentage of contracts must still be applied to local vendors.

IV. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this Agreement. This officer should be designated as the Project Employment and Contracting Officer.

The Recipient should send a letter of introduction regarding the "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Appendix A. This principle officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Appendix AZ

III. Term:

This Agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____ approving the tax exemption and terminate the earlier of_____ years from the date of the adoption of that Ordinance or _____ years from the date of Substantial Completion of the Project.

VI. Good Faith Defined:

1) Construction Jobs: Good Faith shall mean compliance with all of the following conditions:

A. Initial Manning Report:

i) Prior to the commencement of their work on the Project, each Contractor/Subcontractor shall prepare an Initial Manning Report.

ii) The Initial Manning Report should contain an estimate of the total work force to be used at the Project Site, including the work force of any and all Contractors and Subcontractors. It should also describe the specific construction trades and crafts, and indicate the projected use of City residents, City resident Minorities and City resident women. Attached hereto as Appendix B is the Recipient's Initial Manning Report.

iii) The Initial Manning Report shall be filed with the Project Employment and Contracting Monitor, who must accept said Report prior to the Recipient entering into any construction contract. An example of this acceptance letter is given in Appendix C.

B. Developer's Contracting Obligations

i) Once the developer submits the project's Initial Manning Report, he/she must forward a letter with requests for quotation or bid to the Mayor Healy's Business Cooperative Program for local and minority vendors for any construction or building operating goods, services and sub-contracting opportunities. An example of this letter is given in Appendix D.

ii) The developer shall make a Good Faith effort to contact those businesses and individuals who submit bids. This effort must be documented by letter, which will be sent to Mayor Healy's Business Cooperative Program at DEO under the Department of Administration. An example of this letter can be found in Appendix D2.

C. Contractor's/Subcontractor's Compliance Statement

Prior to commencement of their work on the Project, each Contractor or Subcontractor must agree in writing to comply with this Agreement and the employment goals elaborated herein. An example of this Compliance Statement can be found in Appendix E.

D. Union Statement of Using its Best Efforts

i) Prior to commencement of their work on the Project, the contractor/subcontractor must submit a statement expressing its adherence to the Project Employment & Contracting Agreement to each union with which he/she has a collective bargaining agreement covering workers to be employed on the project.

ii) The Compliance Statement shall include a union statement for the particular union to sign, which claims the union will use its best efforts to comply with the employment goals articulated in the Project Employment & Contracting Agreement. This Compliance Statement is detailed in Appendix F. A copy of the signed Compliance Statement must be sent to the Project Employment & Contracting Monitor in DEO under the Department of Administration before work starts in order for a developer to be in compliance.

iii) The Recipient will require the Contractor or Subcontractor to promptly notify the City of any refusal or failure of a union to sign the statement. If a particular union refuses to sign a statement, the Recipient will document its efforts to obtain such statement and the reasons given by the union for not signing such statement, and submit such documentation to the Project Employment & Contracting Monitor in DEO under the Department of Administration.

E. Sub-Contractors

The developer shall require that each prime contractor be responsible for the compliance of his/her subcontractors with the aforementioned Project Employment & Contracting requirements during the performance of the contract. Whenever the contractor sub-contracts a portion of the work on the project, the contractor shall bind the subcontractor to the obligations contained in these supplemental conditions to the full extent as if he/she were the contractor.

F. Union Apprentices

The Contractor is responsible for assuring that resident and minority apprentices account for at least fifty (50%) percent of the total hours worked by union apprentices on the job in each trade listed in which apprentices are employed, according to the apprentice-to-journey-worker ratio contained in the collective bargaining agreement between the various unions, and shall hold each of his/her subcontractors to this requirement. The Recipient will require the Contractor or Subcontractor to promptly notify the City of any refusal of a union to utilize resident and minority apprentices.

G. Monthly Manning Report

i) The Recipient will cause the Contractor to complete and submit Monthly Project Manning Reports to the Project Employment & Contracting Monitor in DEO under the Department of Administration by the seventh day of the month following the month during which the work is performed, for the duration of the contract.

ii) The report will accurately reflect the total work hours in each construction trade or craft and the number of hours worked by City residents, including a list of minority residents and women resident workers in each trade or craft, and will list separately the work hours performed by employees of the Contractor and each of its Subcontractors. The Monthly Manning Report shall be in the form attached hereto as Appendix G.

iii) The Resident is responsible for maintaining or causing the Contractor to maintain records supporting the reported work hours of its Contractors or Subcontractors.

H. Monthly Certified Payroll Report

i) The Recipient will cause the Contractor to furnish the Project Employment & Contracting Monitor with copies of its weekly Certified Payroll reports. The reports will specify the residency, including gender and ethnic/racial origin of each worker. The Certified Payroll report shall be in the form attached hereto as Appendix H.

ii) Payroll reports must be submitted on a monthly basis with the Monthly Manning Report or the Recipient is no longer in compliance.

I. Equal Employment Opportunity Reports

Prior to commencement of work on the Project, the Recipient will request copies of the most recent Local Union Report (EEO-3) and Apprenticeship Information Report (EEO-2) which are required to be filed with the US Commission of Equal Employment Opportunity Commission by the collective bargaining unit. These reports will be forwarded to the Project Employment & Contracting Monitor within one month of the signing of the Project Employment & Contracting Agreement.

J. Other Reports

In addition to the above reports, the Recipient shall furnish such reports or other documents to the City as the City may request from time to time in order to carry out the purposes of this Agreement.

K. Records Access

The Recipient will insure that the City will have reasonable access to all records and files reasonably necessary to confirm the accuracy of the information provided in the reports.

L. Work Site Access For Monitor

i) The City will physically monitor the work sites subject to this Agreement to verify the accuracy of the monthly reports. Each work site will be physically monitored approximately once every two weeks, and more frequently if it is deemed reasonably necessary by the City. The City's findings shall be recorded in a "Site Visit Report". An example of a bi-weekly Site Visit Report can be found in Appendix I.

ii) The Recipient shall require the Contractor and Sub-contractor to cooperate with the City's site monitoring activities and inform the City as to the dates they are working at the Project Site. This includes specifically instructing the on-site construction manager about the monitoring process, and informing him/her that the Monitor will contact him/her to set up an initial meeting. In the case of projects with multiple locations, the Recipient shall inform the City of the dates they are working at each site location(s) where they are working, in order to facilitate the monitoring.

2. **Permanent Jobs:** Good Faith shall mean compliance with all of the following conditions:

A. Pre-hiring Job Awareness: At lease eight (8) months prior to the hiring of a recipient's permanent workforce, the Project Employment & Contracting Officer for the Recipient will sit down with the head of the Registry to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in the meeting:

i) whether subcontractors will be used in the hiring process,

ii) the specific types of jobs that need to be filled,

iii) the qualifications needed for these particular jobs,

iv) possible training programs offered by the permanent employer,

v) the Recipient's goals and how it plans to meet these goals,

vi) any other issues which need to be addressed by the Registry.

1) Subcontractor Notification - - If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said Subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment & Contracting Monitor. An example of this signed acknowledgment can be found in Appendix E.

2) Subcontractor Pre-Hiring Job Awareness Meeting - - Each Subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 2.A(i-vi).

3) Subcontractors of Subcontractors - - Subcontractors of Subcontractors are subject to the same requirements for the initial Subcontractors above in Section VI 2.A.

B. Documentation of Hiring Plan – Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix J.

C. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's Subcontractor shall provide the Registry with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the Registry to refer qualified applicants to the Recipient.

D. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the Project Employment & Contracting Coordinator in DEO under the Department of Administration with a copy of this advertisement.

E. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it from the Registry, to be maintained by the City or its designee. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.

F. Semi-Annual Employment Reports: The Recipient will submit written semi-annual employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will describe the job, whether the job is held by a City resident, minority resident or woman resident. The report will explain in writing the reasons why any qualified applicant referred by the Registry (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired. An example of this report is found in appendix K.

G. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.

H. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the semi-annual reports.

I. Other Reports, Documents: In addition to the above reports. The Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this Agreement.

J. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

3. **Business Contracting**

Good Faith shall mean compliance with all of the following conditions:

1) Solicitation of Businesses;

a) One month before accepting bids for goods and services, the Recipient must forward a letter with requests for quotation or bid to Mayor Healy's Business Cooperative Program for local and local minority vendors for any construction building operating goods, services and subcontracting opportunities. An example of this letter can be found in Appendix D.

b) After submission of bids, the Recipient will document whether the bid was accepted or rejected, and state the reason why. An example of this documentation can be found in Appendix D2.

i) Semi-Annual Purchasing Reports: The Recipient will submit written semi-annual purchasing reports which will include a list of all contracts awarded over a six month period and the dollar amounts of these contracts. The reports will specify the number and dollar amount of contracts awarded to Local Businesses and Minority or Women Owned Local Businesses. An example of these reports can be found in Appendix L.

ii) No utilization of local and local minority vendors as conduits for vendors that are not local or minority owned:

The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by DEO under the Department of Administration of a Recipient, either knowingly or unknowingly, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

4. **Summation of Documentation Needed For Compliance With Agreement**

1) Letter designating Project Employment & Contracting Officer (Appendix A)

2) Letter designating Project Employment & Contracting Officer to Recipient's Employees (App.)AZ

3) Example of Initial Manning Report (Appendix B)

4) Letter of Acceptance of Initial Manning Report (Appendix C)

5) Letter from Developer Forwarding Requests for Quotation or Bid for Minority and Residential Vendors from MayorHealy's Business Cooperative Program (Appendix D)

6) Documentation of Bid Submission (Appendix D2)

7) Letter Expressing Project Employment & Contracting Obligations to Contractors/Subcontractors(Appendix E)

8) Union Statement of Best Efforts (Appendix F)

9) Example of Monthly Manning Report (Appendix G)

10) Example of Monthly Certified Payroll Report (Appendix H)

11) Example of Bi-Weekly Site Visit Report (Appendix I)

12) Example of Documentation of Hiring Plan (Appendix J)

13) Example of Semi-Annual Employment Report (Appendix K)

14) Example of Semi-Annual Purchasing Report (Appendix L)

VII. Notices of Violation:

1) Advisory Notice: The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this Agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have four (4) working days to correct the violation. An example of an Advisory Notice can be found in Appendix M.

2) Violation Notice: If alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City within four (4) working days, the City shall then issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation. An example of a Violation Notice can be found in Appendix N.

3) Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this Agreement and so advises the City in writing, subject to confirmation by the City.

4) Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.

5) Meetings Concerning Violations: The City may provide an opportunity for a meeting with the Recipient, his Contractors or Subcontractors in an effort to achieve compliance; or may respond to Recipient's request for a meeting after the Recipient has made timely submission of a written explanation pursuant to the above. The meeting shall be requested no later than two days after the alleged violator has submitted the written explanation.

6) Interviews Relating to Violations: The City may conduct interviews and may request additional information from appropriate parties as is considered necessary to determine whether the alleged violation has occurred.

7) Determination of Violation: The City shall issue a determination of whether the Recipient is in violation of this Agreement as soon as possible but not later than thirty days after the delivery of the Violation Notice to the Recipient. If the City determines that the Recipient is in violation, the City shall be entitled to the liquidated damages provided below.

VIII. Damages:

While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this Agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration of any period to correct the violation, the City will be entitled to liquidated damages from the Recipient in the following amounts:

a) failure to file initial Manning Reports (Construction Jobs) or Pre-Hiring Notification (Permanent Jobs) or Pre-Contracting Notification (Business contracting): five (5%) prcent increase in the annual payment in lieu of taxes;

b) failure to conduct Pre-hiring Interviews or submit Compliance Statement (Construction Jobs) or solicit bids (Business Contracting): three (3%) percent increase in the annual payment in lieu of taxes;

c) failure to allow record or work place access or submit any other required reports (all categories): two(2%) percent increase in the annual payment in lieu of taxes;

d). the use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: five (5%) percent increase in the annual payment in lieu of taxes.

IX. Commercial Tenants at the Project Site:

1) The Recipient shall send all tenants of commercial space within the Project Site a letter and a Tenant Employment Services Guide in the form attached as Appendix O.

2) The Recipient shall solicit information from tenants of commercial space about the composition of the work force of each tenant. The information solicited will be submitted to the Project Employment & Contracting Monitor, which shall provide the Recipient with a questionnaire in the form attached as Appendix P.

3) The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than October 31 of each year.

4) The Recipient shall send all tenants of commercial space within the Project Site a Supplier Alert Service Registration Package in the form attached as Appendix Q.

X. Notices

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

1) When sent by the City to the Recipient it shall be addressed to:

Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC
c/o N.J. Community Capital, 16-18 West Lafayette St.
Trenton, New Jersey

and:
Connell Foley, LLP
Harborside Financial Center
3510 Plaza Five
Jersey City, NJ 07311
Attn: Charles Harrington, ESq.

When sent by the Recipient to the City, it shall be addressed to:

Project Employment & Contracting Monitor
Department of Administration
Division of Economic Opportunity
1 Journal Square Plaza - 2nd Fl.
Jersey City, New Jersey 07306

with separate copies should be sent to the Mayor and the Business Administrator; unless given prior notice, the City or the Recipient shall have notified the other in writing.

XI. Adoption, Approval, Modification:

This Agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under the agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

ATTEST:

Robert Byrne
City Clerk

CITY OF JERSEY CITY

John "Jack" Kelly
Business Administrator

WITNESS:

Assistant Secretary

Community Asset Preservation Alliance of Jersey City #2 Urban Renewal, LLC

Vice President