

City Clerk File No. Ord. 16.186

Agenda No. 3.A. 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE

offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.186

TITLE: ORDINANCE APPROVING A 30 YEAR TAX EXEMPTION FOR A MIXED USE MARKET RATE RENTAL PROJECT TO BE CONSTRUCTED BY KKF BLOCK 1 URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, KKF Block 1 Urban Renewal, LLC, is 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. (Entity); and

WHEREAS, the Entity is the Lessee of certain property under a Ground Lease with New Jersey City University under the New Jersey Economic Stimulus Act of 2009, dated September 21, 2015, designated as Block 21902.02, Lot 2, located on NJCU West Campus, on the City's Official Tax map, consisting of approximately 1.289 acres which will be known by the street address of 13 Carbon Place and 35 Carbon Place, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within the NJCU West Campus Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Project received a Section 31 Review from the Planning Board on October 20, 2015 to construct two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants (Project); and

WHEREAS, by application dated August 25, 2016, the Entity applied for a 30 year Long Term Tax Exemption; and

WHEREAS, KKF Block 1 Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 11% of the Annual Gross Revenue, which sum is initially estimated to be \$465,115; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee initially estimated at \$9,302; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge estimated to be \$23,256; and
5. pay the sum of \$254,441 to the City's Affordable Housing Trust Fund;

6. execute a Project Employment & Contracting Agreement; execute a Project Labor Agreement pursuant to Section 304-33 of the Jersey City Municipal Code, and comply with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the property generates a land tax of only \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$465,115 upon Substantial Completion;
2. the Project will create approximately two hundred sixty-four (264) new construction jobs and twenty-four (24) new permanent full time jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the NJCU West Campus Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project will outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charge 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 attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, KKF Block 1 Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing appropriate letters of its lobbyists in the Office of the City Clerk; and

WHEREAS, KKF Block 1 Urban Renewal, LLC, has agreed to execute a Project Employment & Contracting Agreement, and a Project Labor Agreement, and also to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required Wage, Benefit and Leave standards for any building service workers.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The August 25, 2016, application of KKF Block 1 Urban Renewal, LLC, an urban renewal company, 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., a copy of which is on file in the office of the City Clerk, property designated as Block 21902.02, Lot 2, located on NJCU West Campus, on the City's Official Tax map, consisting of approximately 1.289 acres, and which will be known by the street address of 13 Carbon Place and 35 Carbon Place, more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 35 years from the adoption of the within Ordinance or 30 years from the date the project is Substantially Complete;

2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge is \$-0-, but will be \$465,115 upon Substantial Completion, whether or not the Project is occupied; or
 - (b) 11% of the Annual Gross Revenue, which initial sum is estimated to be \$465,115, and which shall be subject to statutory increases during the term of the tax exemption;
 - (c) the Annual Service Charge shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the requirements of Ordinance 07-123.
3. Administrative Fee: 2% of the prior year's Annual Service Charge estimated to be \$9,302;
4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County estimated to be \$23,256;
5. Project: A mixed use market rate rental project to consist of two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants;
6. Affordable Housing Trust Fund: \$1,500 per unit x 152 units or \$228,000; and \$1.50 per square foot x 17,627 square feet of commercial/parking space or \$26,441; for a total of \$254,441. Such funds will be accelerated and are non-refundable and may not be transferred in the event of a termination or expiration of the Financial Agreement;
7. Staged Adjustments:
 - (a) Stage One: years 1-9, Annual Service Charge shall be 11% of Annual Gross Revenue;
 - (b) Stage Two: years 10-13, Annual Service Charge or 20% of the amount of the taxes otherwise due;
 - (c) Stage Three: years 14-17, Annual Service Charge or 40% of the amount of the taxes otherwise due;
 - (d) Stage Four: years 18-21, Annual Service Charge or 60% of the amount of the taxes otherwise due;
 - (e) Final Stage: Beginning on the 1st day of the 22nd year 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.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
9. Project Labor Agreement: an obligation to execute a Project Labor Agreement pursuant to Section 304-37(3) of the Municipal Code.
10. Compliance with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code for any building service workers serving the Project.
11. The Affordable Housing Trust Fund contribution: payments shall be due on execution of the Financial Agreement, but in no event later than 30 days from the date of the adoption

of the within ordinance. If the Financial Agreement is not executed for any reason whatsoever, interest shall accrue on such payments as of the 31st day at the highest rate permitted for unpaid real estate taxes.

12. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance unless extended at the City's sole discretion. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided.

13. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project: 1) commences no later than four (4) years from the date the within ordinance is adopted; and 2) is Substantially Complete no later than five (5) years from the date of adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in [brackets] are omitted. For purposes of advertising only, new matter is indicated by **boldface** and repealed matter by *italic*.

JF
9/06/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required
Not Required

DATE: November 17, 2016
TO: Lee Chang (For distribution to City Council and City Clerk)
FROM: Al Cameron, Fiscal Officer - Tax Collector's Office
SUBJECT: THIRTY YEAR TAX ABATEMENT: MIXED-USE MARKET- RATE RENTAL
PROJECT – KKF Block 1 Urban Renewal, LLC
Block 21902.02 Lot 2

CC: E. Borja, J. Monahan, E. Toloza, M. Vigil, R. Kakoleski, R. Lavarro, R. Field, P. Leandre, K. Kane

INTRODUCTION:

The applicant, KKF Block 1 Urban Renewal, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a two (2) building market rate mixed use rental project within the NJCU West Campus Redevelopment Plan. The application fee of \$9,500 was paid.

LOCATION OF THE PROPERTY:

The applicant entered into a ground lease with New Jersey City University for property located on the West Campus between Route 440 and West Side Avenue. The project on consists of Block 21902.02 Lot 2. It is referred to as West Campus Block 1 the two (2) buildings will be known as 13 Carbon Place and 35 Carbon Place.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be two (2) four (4) story market rate mixed-use rental buildings. Each building will contain home occupation units.

A home occupation unit is a one (1) Bedroom unit that is adjacent to and connected with a separate office/retail space. The commercial area of the home occupation units is included in the total shown for each building. The home occupation units are included in the one (1) bedroom tally below.

The building at 13 Carbon place will contain approximately seventy-four (74) dwelling units, twelve (12) single car parking garages and 7,609 square feet of commercial space.

The building at 35 Carbon place will contain approximately seventy-eight (78) dwelling units, eleven (11) single car parking garages and 4,294 square feet of commercial space.

There will be a shared surface parking lot with approximately one hundred and twenty-three (123) parking spaces available for lease to tenants of the two (2) buildings.

The residential units for the total project are as follows:

KKF Block 1 Urban REnewal, LLC Sum 30 Yr . docx
11/17/2016 12:58 PM

<u>Unit Type</u>	<u>Number of Units</u>
Studio	13
One Bedroom	100
One Bedroom (Home Occupation)	8
Two Bedroom	<u>31</u>
Total	<u>152</u>

ESTIMATED TOTAL PROJECT COST:

The cost of construction estimated at \$33,326,020 is certified by William Feinberg, the applicant's architect. The estimated breakdown is \$13,330,408 for labor and \$19,995,612 for materials. Total Project Cost is projected at \$39,681,388.

CONSTRUCTION SCHEDULE:

The applicant estimates construction will begin in April 2020 with completion in December 2021. Since this is beyond the normal requirement that construction must commence within two (2) years of the approval of the abatement, the applicant will request a waiver.

ESTIMATED JOBS CREATED:

The applicant estimates creation of two hundred and sixty-four (264) jobs during Construction. Post-construction jobs are projected at four (4) part-time and twenty-four (24) full-time and permanent positions. The applicant will execute both a Project Employment and Contracting Agreement and a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

KKF BLOCK 1 URBAN RENEWAL LLC AHTF PAYMENT

		Rate	Amount
Residential Units	152	\$1,500	\$228,000.00
Commercial Sq. Ft.	11,903	\$1.50	\$17,854.50
Parking Sq. Ft.	6,318	\$1.50	\$9,477.00
Total AHTF Payment			<u><u>\$255,331.50</u></u>

CURRENT REAL ESTATE TAX:

The property owned by New Jersey City University is currently tax exempt. The new assessment for the land based upon the proposed project of Block 21902.02 Lot 2 is \$1,068,500. The proposed Improvements are assessed at \$7,798,400.

At the current tax rate of \$77.01 the estimated annual land tax based upon the new assessment is \$82,285.

PROPOSED ABATEMENT:

The applicant has requested a term of the lesser of thirty five (35) years from the date of approval of an ordinance approving the abatement or thirty (30) years from substantial completion of the project.

The Applicant proposes an Annual Service Charge of eleven percent (11%) of Annual gross revenue, a two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County.

The applicant intends to comply with all terms in both the Project Employment and Contracting Agreement and Project Labor Agreement in order to reduce the Annual Service Charge from eleven percent (11%) to ten percent (10%) of annual gross revenue.

The Applicant maintains that tax on the land should be exempt since it is owned by NJCU. A ground lease was executed between the Applicant and the University on September 15, 2015. Typically land tax is paid during construction and the Applicant does not receive a land tax credit until the abatement takes effect. The applicant has indicated its intent to appeal the decision to tax the land. If the applicant is successful and we have imposed land tax from the date of the ground lease to the time the applicant is entitled to a land tax credit at \$80,000 per year we would be required to refund approximately \$580,000. With or without the land tax the Fiscal Impact Analysis shows a positive Cost Benefit.

STAGED ADJUSTMENTS:

While the applicant proposed to begin the staged adjustments in year sixteen (16), our approved schedule beginning in year ten (10) is below.

Beginning the first day of year ten (10) through the end of year thirteen (13) it would be the greater of the Annual Service Charge or twenty percent (20%) of conventional taxes otherwise due.

Beginning the first day of year fourteen (14) through the end of year seventeen (17) it would be the greater of the Annual Service Charge or forty percent (40%) of conventional taxes otherwise due.

Beginning the first day of year eighteen (18) through the end of year twenty-one (21) it would be the greater of the Annual Service Charge or sixty percent (60%) of conventional taxes otherwise due.

Beginning in year twenty-two (22) through the end of year thirty (30) it would be the

greater of the Annual Service Charge or eighty percent (80%) of conventional taxes otherwise due.

Beginning in year thirty-one (31) the project would pay full conventional tax.

The PILOT would be the greater of the Annual Service Charge (ASC) or the result of the staged adjustments.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Good Faith estimated annual revenue is \$4,228,317. The Annual Service charge at the rate of eleven percent (11%) is \$465,115. The City Administrative fee at two percent (2%) would be \$9,302 and the Hudson County fee of five percent (5%) would be \$23,256.

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.02 Lot: 2

Loc: 13 & 35 CARBON PLACE

Market Rate Units	Demographic Multipliers (Transit Oriented Development)**		Total			Annual Expenditures		Total Annual Expenditures			
	Planned Development	Number of Units	Household	Students	Residents	Students	Per Capita Municipal	Per Pupil Per School District	Municipal	School District	Total
Studio	13	1.000	0.000	13.00	0.00		\$1,181.83	\$3,673.00	\$15,363.77	\$0.00	\$15,363.77
1 Bedroom	108	1.421	0.050	153.47	5.40		\$1,181.83	\$3,673.00	\$181,372.91	\$19,834.20	\$201,207.11
2 Bedroom	31	2.012	0.120	62.37	3.72		\$1,181.83	\$3,673.00	\$73,713.03	\$13,663.56	\$87,376.59
TOTAL	152			228.84	9.12				\$270,449.71	\$33,497.76	\$303,947.47

1. Total Municipal Ratables	\$5,997,768,597	4. CY 2015 Budget	\$535,307,187	6. Population of Jersey City (2010 Census)	247,597	9. Increase in Services Incurred Per Development	\$ 303,947.47
2. Residential Ratables	\$3,278,586,056			7. Per Capita Municipal Cost	\$1,181.83	10. Anticipated Gross PILOT (1st Year)	
Commercial Ratables	\$1,512,274,524					11% AGR	465,115.00
						2% Admin	9,302.30
						Less Land Tax (74.82)	(79,945.17)
3. Residential Ratables as a Percentage of Total Ratables	54.66%	5. Residential Portion	\$292,617,271	8. Annual Expenditures Per Student**	\$3,673.00	11. 1st Year Net PILOT	\$ 394,472.13
						12. Implied Surplus (Cost)	\$ 90,524.66

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

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,068,500
BLDG: 7,798,400

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.02 Lot: 2

Loc: 13 & 35 CARBON PLACE

Market Rate Units	Number of Units	Demographic Multipliers (Transit Oriented Development)*		Total		Annual Expenditures		Total Annual Expenditures		
		Household	Students	Residents	Students	Per Capita Municipal	Per Pupil Per School District	Municipal	School District	Total
Studio	13	1.000	0.000	13.00	0.00	\$1,181.83	\$3,673.00	\$15,363.77	\$0.00	\$15,363.77
1 Bedroom	108	1.421	0.050	153.47	5.40	\$1,181.83	\$3,673.00	\$181,372.91	\$19,834.20	\$201,207.11
2 Bedroom	31	2.012	0.120	62.37	3.72	\$1,181.83	\$3,673.00	\$73,713.03	\$13,663.56	\$87,376.59
TOTAL	152			228.84	9.12			\$270,449.71	\$33,497.76	\$303,947.47

1. Total Municipal Ratables	\$5,997,768,597	4. CY 2015 Budget	\$535,307,187	6. Population of Jersey City (2010 Census)	247,597	9. Increase in Services Incurred Per Development	\$ 303,947.47
2. Residential Ratables	\$3,278,586,056			7. Per Capita Municipal Cost	\$1,181.83	10. Anticipated Gross PILOT (1st Year)	
Commercial Ratables	\$1,512,274,524			8. Annual Expenditures Per Student**	\$3,673.00	11% AGR	465,115.00
						2% Admin	\$ 9,302.30
3. Residential Ratables as a Percentage of Total Ratables	54.66%	5. Residential Portion	\$292,617,271			11. 1st Year Net PILOT	\$ 474,417.30
						12. Implied Surplus (Cost)	\$ 170,469.83

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

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,068,500
BLDG: 7,798,400

TIER 3 - FINANCIAL AGREEMENT (30 YEAR)
Rev. 9/09/16
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
Residential Rental or Residential Condominium

Re: 13 Carbon Place and 35 Carbon Place
Approximately 1.289 Acres
Block 21902.02, Lot 2
NJCU West Campus Redevelopment Plan Area

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the ___ day of _____, 2016, by and between **KKF BLOCK 1 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 12 Hidden Glen, Skillman, NJ 08558, 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 Ground Lessee pursuant to Ground Lease, hereinafter defined, of certain property designated as Block 21902.02, Lot 2, located on NJCU West Campus, on the City's Official Tax Map, consisting of approximately 1.289 acres, which will be known by the street address of 13 Carbon Place and 35 Carbon Place, Jersey City, 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 NJCU West Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants; and

WHEREAS, on October 20, 2015 the Project received a Section 31 Review from the

Planning Board; and

WHEREAS, on August 25, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax generates revenue of approximately \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$465,115;
2. as required by ordinance 13-088, the Entity shall pay the City the total sum of \$254,441, with \$84,814 to be paid on the effective date of the ordinance approving the Financial Agreement, and the balance of \$169,627 as an affordable housing contribution as required by the ordinance;
3. it is expected that the Project will create approximately two hundred sixty-four (264) new construction jobs and twenty-four (24) new permanent full time jobs;
4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
5. the Project will further the objectives of the NJCU West Campus Redevelopment Plan, and will include the development of vacant property;
6. 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 attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

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 2015-007, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance 16-____, 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:

- i. Allowable Net Profit- The amount arrived at by applying, on a non-accrual basis, the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c), each year of the tax exemption.

- 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 - Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year 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. It shall include an annual payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual not accrued Net Profit., and annual Excess Profit due to the City, if any. 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 KKF Block 1 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. Ground Lease - That certain Ground Lease entered into by New Jersey City University as Landlord and KKF Enterprises, LLC, as Tenant for the Property dated September 21, 2015 under and pursuant to the New Jersey Economic Stimulus Act of 2009 (N.J.S.A. 18:64-5) as transferred to the Entity, pursuant to that certain Transfer Agreement between KKF Enterprises, LLC and the Entity dated August 26, 2016, each of which are attached hereto as Exhibit 10.

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

xii. 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.

xiii. 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.

xiv. 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.

xv. 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 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xvi. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to

taxation, which amount the parties expect will be \$82,285; and (b) upon Substantial Completion, the sum of \$465,115 per year, which sum is equal to the estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge set forth in subsection (b).

xvii. Net Profit - The Annual Gross Revenues of the Entity less all annual 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 annual payments to the City of annual 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.

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

xix. 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 first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy, whether temporary or

permanent, for any portion of the Project.

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

xxi. 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 excluded from 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 other 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.

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 21902.02, Lot 2, located on NJCU West Campus, which will be known by the street address of 13 Carbon Place and 35 Carbon Place, Jersey City, 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 two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants; all of which is specifically described in the Application dated

August 25, 2016 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 Ground Lessee under the Ground Lease of the Property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

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 a good faith estimate of 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 Rents

The Entity represents that its good faith projections of the initial rents and other revenue to 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 35 years from the date of the adoption of Ordinance _____ on _____, 2016, which approved the tax exemption or 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 an Entity 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 annual

payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 11% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon Substantial Completion of the Project. The City Service Charge and the County 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.

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 9th year, the Annual Service Charge shall be 11% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 10th year following Substantial Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 14th year following the Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 18th year following Substantial

Completion until the last day of the 21st year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

v. Final Stage: Beginning on the 1st day of the 22nd 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 assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge, if the Entity is obligated by the Ground Lease to make Land Tax Payments, including any tax on the pre-existing improvements, payment must be timely made 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 made by it 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 credit against the Annual Service Charge for that quarter. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and any other remedies (including the appointment of a rent receiver), the right to proceed against the urban renewal entity personally pursuant to the Leasehold Taxing Act, N.J.S.A. 54:4-2.3 and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

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 or any other charge due under this agreement, 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 in full.

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.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$228,000 or \$1,500 x 152 units; and \$26,441 or \$1.50 x 17,627 square feet of commercial and parking space, for a total of \$254,441 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;
- ii. 1/3 on or before the issuance of the first of any construction permit or commencement of construction, 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.

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 Annual Net Profits and any 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.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

The Entity shall execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code as it exists or as it may be amended from time to time.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

Since construction costs are certified to exceed \$25 million, the Entity shall comply with the Living Wage mandate and the Entity shall immediately require compliance with Section 3-76(c) in all its contracts and leases. This means that janitors and unarmed security guards employed at the Projects, including by any and all tenants or subtenants of the developer, will not be paid less than the standard hourly rate of pay and benefits for their respective classifications. It also means that they will be provided with the paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1).

Section 5.4 Annual Service Charge Reduction Following Compliance With City Ordinance 07-123

Notwithstanding anything in this Agreement to the contrary, the City Service Charge described in Article 4, Section 4.1(i) hereof shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the following requirements in connection with Ordinance 07-123 (PLA Compliance Certificate) as amended:

PLA Ordinance:

- 1) At least 90 days prior to the commencement of construction the Entity has:
 - A) Met with the City Office of Tax Abatement Compliance to present its workforce needs;
 - B) Provided job descriptions of the positions to be filled for the duration of the Project;
 - C) Provided a written construction schedule;
 - D) Filed an Initial Project Manning Report;
 - E) Filed a letter appointing the Entity's PLA compliance officer;

- F) If required by the City, participated with the City and the Labor Organizations in at least two (2) job fairs; and
 - G) Paid a pro rata share of the cost(s) of the job fairs referred to in the preceding section, including advertising costs;
- 2) Upon the commencement of construction and until the Project receives a temporary certificate of occupancy, the Entity or its contractor shall file the following documentation by the 15th day of every month:
- A) A Monthly Project Manning Report in compliance with Section IV(1) of Ordinance 07-123 as amended;
 - B) A Certified Payroll Report in compliance with Section IV(2) of Ordinance 07-123 as amended;
 - C) Copies of all written direct requests made by contractors and subcontractors to the Labor Organizations notifying them that they are required to provide the Project with Jersey City resident apprentices;
 - D) Copies of all written general notices provided by the Entity to the contractor notifying the contractor that it is required to comply with Ordinance 07-123 as amended, by providing Jersey City resident apprentices on the Project; and
 - E) Copies of all general written notices provided by any contractor to a subcontractor notifying the subcontractor that it is required to hire Jersey City apprentices as required by Ordinance 07-123 as amended.

The Entity shall apply in writing for the PLA Compliance Certificate not less than thirty (30) days prior to the date that it intends for apply to the Jersey City Construction Code Official for a temporary certificate of occupancy for any portion of the Project. The Jersey City Office of Tax Abatement Compliance shall have thirty (30) days to act upon the Entity's application. Upon the Jersey City Office of Tax Abatement Compliance making a finding that the Entity has complied with items 1(A) through 1(G) and 2(A) through 2(E) above, it shall issue the PLA Compliance Certificate to the Jersey City Tax Collector (with copies to the President of the City Council and the City Clerk) who shall promptly reduce the Entity's Annual Service Charge to ten (10%) percent of Annual Gross Revenue for the duration of the Financial Agreement

regardless of whether the Project has complied with the twenty (20%) percent Jersey City resident apprenticeship requirement set forth in Section III (5) of Ordinance 07-123 as amended.

Project Employment Agreement:

Notwithstanding the above, if following the expiration of all required cure periods set forth in Article VII of the Project Employment Agreement, the City determines that the Entity is in violation thereof, in addition to the remedies available to the City in Article VIII, the City shall be entitled to increase the Entity's Annual Service Charge to eleven (11%) percent of Annual Gross Revenue for the duration of the Financial Agreement.

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.

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 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

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. 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 gross revenue, 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, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. 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. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

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 or 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 for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, 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.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual 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 not include those project costs directly attributable to site remediation and cleanup expenses or any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement.

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 balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project without the prior consent approval by Ordinance of the Municipal Council shall cause the tax exemption to automatically terminate without notice, by operation of law. 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 are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the original Entity.

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 and does not violate the Law.

Section 9.2 Transfer Application 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 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 2015-007, 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 thirty (30) 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 thirty (30) 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, or a sale of the Project occurs without the prior consent of the City, 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

In order to secure the full and timely payment of the Annual Service Charge, the City reserves the right to perfect and enforce a lien under the Leasehold Taxing Act or appoint a rent receiver or avail itself of any other remedy to protect the City's interests.

In addition, the City 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 herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. 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 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 property, in the manner provided by the Leasehold Taxing 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 notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project, as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. 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, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

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 remaining 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 by the Entity. 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 Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 hereof and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements.

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 the City's right to audit or recover 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), arising out of this 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:

KKF Block 1 Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Attn: Peter S. Wersinger, III

And copy to:

Connell Foley, LP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
Attn: James C. McCann, 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 Rents Prices;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Ground Lease.

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

WITNESS:

**KKF BLOCK 1 URBAN
RENEWAL, LLC**

Peter S. Wersinger III, President

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ___ day of ____, 2016, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **KKF BLOCK 1 URBAN RENEWAL, LLC** [Recipient], having its principal office at 12 Hidden Glen, Skillman, NJ 08558.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings 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 an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
4. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council
5. "Employment" 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.
6. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
7. "Local Business" means a bona fide business located in Jersey City.
8. "Minority" means a person who is defined as such under federal or state law.
9. "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 woman.
10. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor and Workforce

Development, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.

11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
12. "Project or Project Site" means the specific work location or locations specified in the contract.
13. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration presently, the Executive Director of the Jersey City Employment & Training Program, Inc., 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 Coordinator. The Coordinator may refer a developer to the JCEPT or its one-stop career center so long as the City and JCEPT agreement is in full force and effect.
14. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
15. 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.
16. "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.
17. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "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.
20. "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: Business Contracting and Permanent Jobs

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.

Because this project is subject to the terms of a Project Labor Agreement during construction, this agreement shall apply only to Business Contracting and non-construction Permanent Jobs.

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 shall only be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. All other Recipients must comply with the following Good Faith goals.

1. **Employment:** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, 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 fifty-one (51%) percent 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 & Contracting Officer.

The Recipient shall send a letter designating its "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 1. This 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 2.

V. 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 35 years from the date of the adoption of that Ordinance or 30 years from the date of Substantial Completion of the Project.

VI. Good Faith Defined:

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

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this 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.

B. 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 3.

C. 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 1.A.(i)-(vi) and notify the City.

D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.

- E. 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 4.
- F. 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 DEO and the JCEPT 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 referral of qualified applicants to the Recipient.
- G. 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 DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- J. 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.
- K. 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 any reports.
- L. 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.

M. 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.

2. **Business Contracting**

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

i) Solicitation of Businesses:

- a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
- b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
- 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 DEO and the JCEPT 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 referral of 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 DEO with a copy of this advertisement.
- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- 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 any 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.

B. 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 Project Employment and Contracting Monitor of a Recipient, 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.

3. **Commercial Tenants at the Project Site**

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

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.
- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

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 7 days to correct the violation.

2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall 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.
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.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

VIII. Liquidated Damages:

1. 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 cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:
 - A. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

IX. 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:

KKF Block 1 Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Att: Peter S. Wersinger, III

and

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

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

X. Appendix

These forms are examples only and shall be in substantially the form attached, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

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 this 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.

Notwithstanding anything in this Agreement to the contrary, if the Recipient has entered into a Project Labor Agreement with a Labor Organization, then any and all sections of this Agreement pertaining to construction jobs and the construction portion of any Project, are null and void and may be disregarded by the Recipient. In the event the Recipient has entered into a Project Labor Agreement, then this Agreement shall become effective upon Substantial Completion of the Project. In the event there are any conflicts between this Agreement and any Project Labor Agreement, then the Project Labor Agreement shall govern.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

**KKF BLOCK 1 URBAN
RENEWAL, LLC**

Secretary

Peter S. Wersinger III, President

City Clerk File No. Ord - 16.187

Agenda No. 3-B. 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.187

TITLE: ORDINANCE APPROVING A 30 YEAR TAX EXEMPTION FOR A MIXED USE MARKET RATE RENTAL PROJECT TO BE CONSTRUCTED BY KKF BLOCK 5B URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, KKF Block 5B Urban Renewal, LLC, is 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. (Entity); and

WHEREAS, the Entity is the Lessee of certain property under a Ground Lease with New Jersey City University under the New Jersey Economic Stimulus Act of 2009, dated September 21, 2015, designated as Block 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 0.968 acres which will be known by the street address of 33 University Place Boulevard, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within the NJCU West Campus Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Project received a Section 31 Review from the Planning Board on October 20, 2015 to construct a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants (Project); and

WHEREAS, by application dated July 15, 2016, as amended on August 25, 2016, the Entity applied for a 30 year Long Term Tax Exemption; and

WHEREAS, KKF Block 5B Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 11% of the Annual Gross Revenue, which sum is initially estimated to be \$402,880; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee initially estimated at \$8,058; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge estimated to be \$20,144; and
5. pay the sum of \$260,193 to the City's Affordable Housing Trust Fund;

6. execute a Project Employment & Contracting Agreement; execute a Project Labor Agreement pursuant to Section 304-33 of the Jersey City Municipal Code, and comply with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the property generates a land tax of only \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$402,880 upon Substantial Completion;
2. the Project will create approximately two hundred ninety-six (296) new construction jobs and five (5) new permanent full time jobs; and one (1) new part-time job;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the NJCU West Campus Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project will outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charge 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 attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, KKF Block 5B Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing appropriate letters of its lobbyists in the Office of the City Clerk; and

WHEREAS, KKF Block 5B Urban Renewal, LLC, has agreed to execute a Project Employment & Contracting Agreement, and a Project Labor Agreement, and also to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required Wage, Benefit and Leave standards for any building service workers.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The August 25, 2016, application of KKF Block 5B Urban Renewal, LLC, an urban renewal company, 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., a copy of which is on file in the office of the City Clerk, property designated as Block 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 0.968 acres, and which will be known by the street address of 33 University Place Boulevard, more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 35 years from the adoption of the within Ordinance or 30 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge is \$-0-, but will be \$402,880 upon Substantial Completion, whether or not the Project is occupied; or
 - (b) 11% of the Annual Gross Revenue, which initial sum is estimated to be \$402,880, and which shall be subject to statutory increases during the term of the tax exemption;
 - (c) the Annual Service Charge shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the requirements of Ordinance 07-123.
3. Administrative Fee: 2% of the prior year's Annual Service Charge estimated to be \$8,058;
4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County estimated to be \$20,144;
5. Project: A mixed use market rate rental project to consist of a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants;
6. Affordable Housing Trust Fund: \$1,500 per unit or \$223,500; and \$1.50 per square foot x 24,462 square feet of parking space or \$36,693; for a total of \$260,193. Such funds will be accelerated and are non-refundable and may not be transferred in the event of a termination or expiration of the Financial Agreement;
7. Staged Adjustments:
 - (a) Stage One: years 1-9, Annual Service Charge shall be 11% of Annual Gross Revenue;
 - (b) Stage Two: years 10-13, Annual Service Charge or 20% of the amount of the taxes otherwise due;
 - (c) Stage Three: years 14-17, Annual Service Charge or 40% of the amount of the taxes otherwise due;
 - (d) Stage Four: years 18-21, Annual Service Charge or 60% of the amount of the taxes otherwise due;
 - (e) Final Stage: Beginning on the 1st day of the 22nd year 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.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
9. Project Labor Agreement: an obligation to execute a Project Labor Agreement pursuant to Section 304-37(3) of the Municipal Code.
10. Compliance with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code for any building service workers serving the Project.

- 11. The Affordable Housing Trust Fund contribution: payments shall be due on execution of the Financial Agreement, but in no event later than 30 days from the date of the adoption of the within ordinance. If the Financial Agreement is not executed for any reason whatsoever, interest shall accrue on such payments as of the 31st day at the highest rate permitted for unpaid real estate taxes.
 - 12. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance unless extended at the City's sole discretion. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided.
 - 13. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project: 1) commences no later than two (2) years from the date the within ordinance is adopted; and 2) is Substantially Complete no later than five (5) years from the date of adoption of the within Ordinance.
- C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.
- D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.
- E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- G. This ordinance shall take effect at the time and in the manner provided by law.
- H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in [brackets] are omitted.
 For purposes of advertising only, new matter is indicated by **boldface** and repealed matter by *italic*.

JF
 9/06/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

 Corporation Counsel

APPROVED: _____
 Business Administrator

Certification Required
 Not Required

DATE: November 17, 2016
TO: Lee Chang (For distribution to City Council and City Clerk)
FROM: Al Cameron, Fiscal Officer - Tax Collector's Office
SUBJECT: THIRTY YEAR TAX ABATEMENT: MARKET- RATE RESIDENTIAL RENTAL PROJECT – KKF Block 5B Urban Renewal, LLC Block 21902.04 Lot 2

CC: E. Borja, J. Monahan, E. Toloza, M. Vigil, R. Kakoleski, R. Field, R. Lavarro, P. Leandre, K. Kane

INTRODUCTION:

The applicant, KKF Block 5B Urban Renewal, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a four (4) story market rate residential rental project within the NJCU West Campus Redevelopment Plan. The application fee of \$9,500 was paid.

LOCATION OF THE PROPERTY:

The applicant entered into a ground lease with New Jersey City University for property located on the West Campus between Route 440 and West Side Avenue. The project on consists of Block 21902.04 Lot 2. It is referred to as West Campus Block 5B. It will be known as 33 University Place Blvd.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be a four (4) story market rate residential rental project. The building will contain approximately one hundred and forty-nine (149) dwelling units. There will be a parking garage with approximately one hundred and fifty-one (151) parking spaces. The residential units are as follows:

<u>Unit Type</u>	<u>Number of units</u>
One Bedroom	120
Two Bedroom	<u>29</u>
<u>Total</u>	<u>149</u>

ESTIMATED TOTAL PROJECT COST:

The cost of construction estimated at \$37,759,165 is certified by William Feinberg, the applicant's architect. The estimated breakdown is \$15,103,666 for labor and \$22,655,499 for materials. Total Project Cost is projected at \$44,940,039.

CONSTRUCTION SCHEDULE:

The applicant estimates construction will begin in April 2017 with completion in January 2019.

ESTIMATED JOBS CREATED:

The applicant estimates creation of two hundred and ninety-six (296) jobs during Construction. Post-construction jobs are projected at one (1) part-time and five (5) full-time and permanent positions. The applicant will execute both a Project Employment and Contracting Agreement and a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

KKF BLOCK 5B URBAN RENEWAL LLC AHTF PAYMENT

		Rate	Amount
Residential			
Units	149	\$1,500	\$223,500.00
Square footage Parking	24,462	\$1.50	\$36,693.00

Total AHTF Payment

\$260,193.00

CURRENT REAL ESTATE TAX:

The property owned by New Jersey City University is currently tax exempt. The new assessment for the land based upon the proposed project of Block 21902.04 Lot 2 is \$1,022,300. The proposed Improvements are assessed at \$6,658,200.

At the current tax rate of \$77.01 the estimated annual land tax based upon the new assessment is \$78,727.32.

PROPOSED ABATEMENT:

The applicant has requested a term of the lesser of thirty five (35) years from the date of approval of an ordinance approving the abatement or thirty (30) years from substantial completion of the project.

The Applicant proposes an Annual Service Charge of eleven percent (11%) of Annual gross revenue, a two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County.

The applicant intends to comply with all terms in both the Project Employment and Contracting Agreement and Project Labor Agreement in order to reduce the Annual Service Charge from eleven percent (11%) to ten percent (10%) of annual gross revenue.

The Applicant maintains that tax on the land should be exempt since it is owned by NJCU. A ground lease was executed between the Applicant and the University on September 15, 2015. Typically land tax is paid during construction and the Applicant does not receive a land tax credit until the abatement takes effect. The applicant has indicated its intent to appeal the decision to tax the land. If the applicant is successful and we have imposed land tax from the date of the ground lease to the time the applicant is entitled to a land tax credit at \$80,000 per year we would be required to refund approximately \$350,000. With or without the land tax the Fiscal Impact Analysis shows a positive Cost Benefit.

STAGED ADJUSTMENTS:

While the applicant proposed to begin the staged adjustments in year sixteen (16), our approved schedule beginning in year ten (10) is below.

Beginning the first day of year ten (10) through the end of year thirteen (13) it would be the greater of the Annual Service Charge or twenty percent (20%) of conventional taxes otherwise due.

Beginning the first day of year fourteen (14) through the end of year seventeen (17) it would be the greater of the Annual Service Charge or forty percent (40%) of conventional taxes otherwise due.

Beginning the first day of year eighteen (18) through the end of year twenty-one (21) it would be the greater of the Annual Service Charge or sixty percent (60%) of conventional taxes otherwise due.

Beginning in year twenty-two (22) through the end of year thirty (30) it would be the greater of the Annual Service Charge or eighty percent (80%) of conventional taxes otherwise due.

Beginning in year thirty-one (31) the project would pay full conventional tax.

The PILOT would be the greater of the Annual Service Charge (ASC) or the result of the staged adjustments.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Good Faith estimated annual revenue is \$3,662,549. The

Annual Service charge at the rate of eleven percent (11%) is \$402,880. The City Administrative fee at two percent (2%) would be \$8,058 and the Hudson County fee of five percent (5%) would be \$20,144.

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.04 Lot: 2

Loc: 33 UNIVERSITY PLACE BLVD

Market Rate Units	Number of Units	Demographic Multipliers (Transit Oriented Development)*				Annual Expenditures		Total Annual Expenditures		
		Household	Students	Residents	Students	Per Capita Municipal	Per Pupil Per School District	Municipal	School District	Total
1 Bedroom	120	1.421	0.050	170.52	6.00	\$1,181.83	\$3,673.00	\$201,525.45	\$22,038.00	\$223,563.45
2 Bedroom	29	2.012	0.120	58.35	3.48	\$1,181.83	\$3,673.00	\$68,957.35	\$12,782.04	\$81,739.39
TOTAL	149			228.87	9.48			\$270,482.80	\$34,820.04	\$305,302.84

1. Total Municipal Ratables	\$5,997,768,597	4. CY 2015 Budget	\$535,307,187	6. Population of Jersey City (2010 Census)	247,597	9. Increase in Services Incurred Per Development	\$ 305,302.84
2. Residential Ratables	\$3,278,586,056			7. Per Capita Municipal Cost	\$1,181.83	10. Anticipated Gross PILOT (1st Year)	
Commercial Ratables	\$1,512,274,524					11% AGR	\$ 402,880.00
				8. Annual Expenditures Per Student**	\$3,673.00	2% Admin	\$ 8,057.60
3. Residential Ratables as a Percentage of Total Ratables	54.66%	5. Residential Portion	\$292,617,271			Less Land Tax (74.82)	\$ (76,488.49)
						11. 1st Year Net PILOT	\$ 334,449.11
						12. Implied Surplus (Cost)	\$ 29,146.28

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

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,022,300
BLDG: 6,658,200

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.04 Lot: 2

Loc: 33 UNIVERSITY PLACE BLVD

Market Rate Units	Number of Units	Demographic Multipliers (Transit Oriented Development)*			Annual Expenditures			Total Annual Expenditures		
		Household	Students	Residents	Total Students	Per Capita Municipal	Per Pupil Per School District	Municipal	School District	Total
1 Bedroom	120	1.421	0.050	170.52	6.00	\$1,181.83	\$3,673.00	\$201,525.45	\$22,038.00	\$223,563.45
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Commercial Ratables	\$1,512,274,524			8. Annual Expenditures Per Student**	\$3,673.00	11% AGR \$ 402,880.00	
						2% Admin \$ 8,057.60	
3. Residential Ratables as a Percentage of Total Ratables	54.66%	5. Residential Portion	\$292,617,271			11. 1st Year Net PILOT	\$ 410,937.60
						12. Implied Surplus (Cost)	\$ 105,634.76

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

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,022,300
BLDG: 6,658,200

TIER 3 - FINANCIAL AGREEMENT (30 YEAR)
Rev. 9/09/16
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
Residential Rental or Residential Condominium

Re: 33 University Place Boulevard
Approximately 0.968 Acres
Block 21902.04, Lot 2
NJCU West Campus Redevelopment Plan Area

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the ___ day of _____, 2016, by and between **KKF BLOCK 5B 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 12 Hidden Glen, Skillman, NJ 08558, 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 Ground Lessee pursuant to Ground Lease, hereinafter defined, of certain property designated as Block 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax Map, consisting of approximately 0.968 acres, which will be known by the street address of 33 University Place Boulevard, Jersey City, 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 NJCU West Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants; and

WHEREAS, on October 20, 2015 the Project received a Section 31 Review from the Planning Board; and

WHEREAS, on August 25, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax generates revenue of approximately \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$402,880;
2. as required by ordinance 13-088, the Entity shall pay the City the total sum of \$260,193, with \$86,731 to be paid on the effective date of the ordinance approving the Financial Agreement, and the balance of \$173,462 as an affordable housing contribution as required by the ordinance;
3. it is expected that the Project will create approximately two hundred ninety-six (296) new construction jobs and five (5) new permanent full time jobs; and one (1) new part-time job;
4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
5. the Project will further the objectives of the NJCU West Campus Redevelopment Plan, and will include the development of vacant property;
6. 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 attract

occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

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 2015-007, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance 16-____, 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:

i. Allowable Net Profit- The amount arrived at by applying, on a non-accrual basis, the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c), each year of the tax exemption.

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 - Any and all revenue derived from or generated by the

Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year 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. It shall include an annual payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual not accrued Net Profit, and annual Excess Profit due to the City, if any. 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 HC West Campus 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. Ground Lease - That certain Ground Lease entered into by New Jersey City University as Landlord and KKF Enterprises, LLC, as Tenant for the Property dated September 21, 2015 under and pursuant to the New Jersey Economic Stimulus Act of 2009 (N.J.S.A. 18:64-5) as transferred to the Entity, pursuant to that certain Transfer Agreement between KKF Enterprises, LLC and the Entity dated August 26, 2016, each of which are attached hereto as Exhibit 10.

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

xii. 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.

xiii. 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.

xiv. 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.

xv. 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 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xvi. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to

taxation, which amount the parties expect will be \$78,727; and (b) upon Substantial Completion, the sum of \$402,880 per year, which sum is equal to the estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge set forth in subsection (b).

xvii. Net Profit - The Annual Gross Revenues of the Entity less all annual 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 annual payments to the City of annual 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.

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

xix. 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 first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy, whether temporary or

permanent, for any portion of the Project.

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

xxi. 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 excluded from 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 other 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.

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 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, which will be known by the street address of 33 University Place Boulevard, Jersey City, 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 a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants; all of which is specifically

described in the Application dated August 25, 2016 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, and in compliance with any Redevelopment Agreement.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the Ground Lessee under the Ground Lease of the Property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

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 a good faith estimate of 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 Rents

The Entity represents that its good faith projections of the initial rents and other revenue to 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 35 years from the date of the adoption of Ordinance ____ on _____, 2016, which approved the tax exemption or 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 an Entity 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 annual payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 11% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon Substantial Completion of the Project. The City Service Charge and the County 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.

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 9th year, the Annual Service Charge shall be 11% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 10th year following Substantial Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 14th year following the Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 18th year following Substantial Completion until the last day of the 21st year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

v. Final Stage: Beginning on the 1st day of the 22nd 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 assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge, if the Entity is obligated by the Ground Lease to make Land Tax Payments, including any tax on the pre-existing improvements, payment must be timely made 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 made by it 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 credit against the Annual Service Charge for that quarter. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and any other remedies (including the appointment of a rent receiver), the right to proceed against the urban renewal entity personally pursuant to the Leasehold Taxing Act, N.J.S.A. 54:4-2.3 and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

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 or any other charge due under this agreement, 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 in full.

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.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$223,500 or \$1,500 x 149 units; and \$36,693 or \$1.50 x 24,462 square feet of parking space, for a total of \$260,193 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;
- ii. 1/3 on or before the issuance of the first of any construction permit or commencement of construction, 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.

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 Annual Net Profits and any 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.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

The Entity shall execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code as it exists or as it may be amended from time to time.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

Since construction costs are certified to exceed \$25 million, the Entity shall comply with the Living Wage mandate and the Entity shall immediately require compliance with Section 3-76(c) in all its contracts and leases. This means that janitors and unarmed security guards employed at the Projects, including by any and all tenants or subtenants of the developer, will not be paid less than the standard hourly rate of pay and benefits for their respective classifications. It also means that they will be provided with the paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1).

Section 5.4 Annual Service Charge Reduction Following Compliance With City Ordinance 07-123

Notwithstanding anything in this Agreement to the contrary, the City Service Charge described in Article 4, Section 4.1(i) hereof shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the following requirements in connection with Ordinance 07-123 (PLA Compliance Certificate) as amended:

PLA Ordinance:

- 1) At least 90 days prior to the commencement of construction the Entity has:
 - A) Met with the City Office of Tax Abatement Compliance to present its workforce needs;
 - B) Provided job descriptions of the positions to be filled for the duration of the Project;
 - C) Provided a written construction schedule;
 - D) Filed an Initial Project Manning Report;

- E) Filed a letter appointing the Entity's PLA compliance officer;
 - F) If required by the City, participated with the City and the Labor Organizations in at least two (2) job fairs; and
 - G) Paid a pro rata share of the cost(s) of the job fairs referred to in the preceding section, including advertising costs;
- 2) Upon the commencement of construction and until the Project receives a temporary certificate of occupancy, the Entity or its contractor shall file the following documentation by the 15th day of every month:
- A) A Monthly Project Manning Report in compliance with Section IV(1) of Ordinance 07-123 as amended;
 - B) A Certified Payroll Report in compliance with Section IV(2) of Ordinance 07-123 as amended;
 - C) Copies of all written direct requests made by contractors and subcontractors to the Labor Organizations notifying them that they are required to provide the Project with Jersey City resident apprentices;
 - D) Copies of all written general notices provided by the Entity to the contractor notifying the contractor that it is required to comply with Ordinance 07-123 as amended, by providing Jersey City resident apprentices on the Project; and
 - E) Copies of all general written notices provided by any contractor to a subcontractor notifying the subcontractor that it is required to hire Jersey City apprentices as required by Ordinance 07-123 as amended.

The Entity shall apply in writing for the PLA Compliance Certificate not less than thirty (30) days prior to the date that it intends for apply to the Jersey City Construction Code Official for a temporary certificate of occupancy for any portion of the Project. The Jersey City Office of Tax Abatement Compliance shall have thirty (30) days to act upon the Entity's application. Upon the Jersey City Office of Tax Abatement Compliance making a finding that the Entity has complied with items 1(A) through 1(G) and 2(A) through 2(E) above, it shall issue the PLA Compliance Certificate to the Jersey City Tax Collector (with copies to the President of the City Council and the City Clerk) who shall promptly reduce the Entity's Annual Service Charge to

ten (10%) percent of Annual Gross Revenue for the duration of the Financial Agreement regardless of whether the Project has complied with the twenty (20%) percent Jersey City resident apprenticeship requirement set forth in Section III (5) of Ordinance 07-123 as amended.

Project Employment Agreement:

Notwithstanding the above, if following the expiration of all required cure periods set forth in Article VII of the Project Employment Agreement, the City determines that the Entity is in violation thereof, in addition to the remedies available to the City in Article VIII, the City shall be entitled to increase the Entity's Annual Service Charge to eleven (11%) percent of Annual Gross Revenue for the duration of the Financial Agreement.

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.

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 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

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. 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 gross revenue, 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, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. 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. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

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 or 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 for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, 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.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual 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 not include those project costs directly attributable to site remediation and cleanup expenses or any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement.

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 balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project without the prior consent approval by Ordinance of the Municipal Council shall cause the tax exemption to automatically terminate without notice, by operation of law. 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 are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the original Entity.

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 and does not violate the Law.

Section 9.2 Transfer Application 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 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 2015-007, 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 thirty (30) 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 thirty (30) 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, or a sale of the Project occurs without the prior consent of the City, 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

In order to secure the full and timely payment of the Annual Service Charge, the City reserves the right to perfect and enforce a lien under the Leasehold Taxing Act or appoint a rent receiver or avail itself of any other remedy to protect the City's interests.

In addition, the City 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 herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. 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 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 property, in the manner provided by the Leasehold Taxing 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 notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project , as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. 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, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

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 remaining 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 by the Entity. 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 Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 hereof and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements.

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 the City's right to audit or recover 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), arising out of this 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:

KKF Block 5B Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Attn: Peter S. Wersinger, III

And copy to:

Connell Foley, LP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
Attn: James C. McCann, 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 Rents Prices;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Ground Lease.

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

WITNESS:

**KKF BLOCK 5B URBAN
RENEWAL, LLC**

Peter S. Wersinger III, President

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ___ day of ____, 2016, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **KKF BLOCK 5B URBAN RENEWAL, LLC** [Recipient], having its principal office at 12 Hidden Glen, Skillman, NJ 08558.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings 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 an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
4. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council
5. "Employment" 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.
6. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
7. "Local Business" means a bona fide business located in Jersey City.
8. "Minority" means a person who is defined as such under federal or state law.
9. "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 woman.
10. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor and Workforce

Development, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.

11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
12. "Project or Project Site" means the specific work location or locations specified in the contract.
13. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration presently, the Executive Director of the Jersey City Employment & Training Program, Inc., 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 Coordinator. The Coordinator may refer a developer to the JCEPT or its one-stop career center so long as the City and JCEPT agreement is in full force and effect.
14. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
15. 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.
16. "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.
17. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "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.
20. "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: Business Contracting and Permanent Jobs

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.

Because this project is subject to the terms of a Project Labor Agreement during construction, this agreement shall apply only to Business Contracting and non-construction Permanent Jobs.

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 shall only be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. All other Recipients must comply with the following Good Faith goals.

1. **Employment:** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, 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 fifty-one (51%) percent 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 & Contracting Officer.

The Recipient shall send a letter designating its "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 1. This 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 2.

V. 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 35 years from the date of the adoption of that Ordinance or 30 years from the date of Substantial Completion of the Project.

VI. Good Faith Defined:

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

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this 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.

B. 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 3.

C. 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 1.A.(i)-(vi) and notify the City.

D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.

- E. 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 4.
- F. 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 DEO and the JCEPT 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 referral of qualified applicants to the Recipient.
- G. 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 DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- J. 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.
- K. 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 any reports.
- L. 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.

M. 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.

2. **Business Contracting**

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

i) Solicitation of Businesses:

- a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
- b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
- 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 DEO and the JCEPT 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 referral of 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 DEO with a copy of this advertisement.
- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- 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 any 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.
- B. 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 Project Employment and Contracting Monitor of a Recipient, 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.

3. **Commercial Tenants at the Project Site**

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

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.
- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

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 7 days to correct the violation.

2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall 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.
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.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

VIII. Liquidated Damages:

1. 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 cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:
 - A. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

IX. 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:

KKF Block 5B Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Att: Peter S. Wersinger, III

and

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

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

X. Appendix

These forms are examples only and shall be in substantially the form attached, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

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 this 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.

Notwithstanding anything in this Agreement to the contrary, if the Recipient has entered into a Project Labor Agreement with a Labor Organization, then any and all sections of this Agreement pertaining to construction jobs and the construction portion of any Project, are null and void and may be disregarded by the Recipient. In the event the Recipient has entered into a Project Labor Agreement, then this Agreement shall become effective upon Substantial Completion of the Project. In the event there are any conflicts between this Agreement and any Project Labor Agreement, then the Project Labor Agreement shall govern.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

**KKF BLOCK 5B URBAN
RENEWAL, LLC**

Secretary

Peter S. Wersinger III, President

City Clerk File No. Ord. 16.189

Agenda No. 3 : C 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.189

TITLE: ORDINANCE AUTHORIZING THE CITY OF JERSEY CITY TO EXECUTE LEASE AGREEMENTS FOR A TERM OF ONE YEAR WITH 101 NEWKIRK STREET, LLC AND VAISHNO MA ACADEMY, LLC FOR THE USE OF PARKING SPACES AT 105-107 NEWKIRK STREET AND 165-169 ACADEMY STREET

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, the City of Jersey City ("City") requires parking facilities for employees who work at the Lewis S. McRae Justice Complex located at 365 Summit Ave; and

WHEREAS, 101 Newkirk Street, LLC ("101 Newkirk") owns a currently unused parking lot consisting of twenty (20) parking spaces located at 105-107 Newkirk Street; and

WHEREAS, 101 Newkirk agrees to lease to the City the twenty (20) reserved parking spaces at 105-107 Newkirk Street for a monthly rent of \$75.00 per parking space per month for a total monthly rent of \$1,500.00; and

WHEREAS, Vaishno Ma Academy, LLC ("VMA") owns a commercial parking lot located at 165-169 Academy Street; and

WHEREAS, VMA agrees to lease to the City the entire parking lot that shall consist of thirty (30) reserved parking spaces at 165-169 Academy Street for a monthly rent of \$75.00 per parking space per month for a total monthly rent of \$2,250.00; and

WHEREAS, 101 Newkirk and VMA (collectively, the "Landlords") agree to lease the parking spaces to the City for a maximum term of one (1) year; and

WHEREAS, the City shall indemnify the Landlords against any claims arising from the City's use of the parking spaces; and

WHEREAS, the City shall maintain the parking lots, including snow removal on the lots and sidewalks, and shall restripe the parking lots as needed; and

WHEREAS, the parking spaces rented by the City will be exempt from the City's tax on parking lot spaces pursuant to section 304-1 *et seq.* of the City Code and the City's fees for parking lots and public garages pursuant to section 160-1(Y.1) *et seq.* of the City Code; and

WHEREAS, the City and the Landlords will have the right to terminate the Lease Agreements without cause by providing sixty (60) days' written notice; and

WHEREAS, pursuant to N.J.A.C. 5:30-5.5(e), the execution of the leases shall be subject to the availability and appropriation of sufficient funds in the 2017 fiscal year temporary and permanent budgets and in subsequent fiscal year budgets.

ORDINANCE AUTHORIZING THE CITY OF JERSEY CITY TO EXECUTE LEASE AGREEMENTS FOR A TERM OF ONE YEAR WITH 101 NEWKIRK STREET, LLC AND VAISHNO MA ACADEMY, LLC FOR THE USE OF PARKING SPACES AT 105-107 NEWKIRK STREET AND 165-169 ACADEMY STREET

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

1. The Mayor or Business Administrator is authorized to execute the Lease Agreements substantially in the form attached hereto with the Landlords for reserved parking spaces located at 105-107 Newkirk Street and 165-169 Academy Street;
2. The term of the Lease Agreements shall be effective for a maximum of one (1) year upon execution by City officials;
3. The City and the Landlords will have the right to terminate the Lease Agreements without cause by providing sixty (60) days' written notice;
4. The monthly rents for reserved parking spaces shall be \$75.00 per space, for a monthly total of \$1,500.00 to be paid to 101 Newkirk and \$2,250.00 to be paid to VMA;
5. The City shall indemnify the Landlords against any claims arising from the City's use of the parking spaces;
6. The City shall maintain the parking lots, including snow removal on the lots and sidewalks, and shall restripe the parking lots as needed;
7. The parking spaces rented by the City will be exempt from the City's tax on parking lot spaces pursuant to section 304-1 et seq. of the City Code and the City's fees for parking lots and public garages pursuant to section 160-1(Y.1) et seq. of the City Code;
8. Provided that construction related activities are not planned to occur on the properties within sixty (60) days after the expiration of the leases, the City shall have the right to renew the leases subject to approval by the Municipal Council;
9. Pursuant to N.J.A.C. 5:30-5.5(e), the execution of the leases shall be subject to the availability and appropriation of sufficient funds in the 2017 fiscal year temporary and permanent budgets and in subsequent fiscal year budgets.

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required

Not Required

RESOLUTION FACT SHEET - CONTRACT AWARD

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

ORDINANCE AUTHORIZING THE CITY OF JERSEY CITY TO EXECUTE LEASE AGREEMENTS FOR A TERM OF ONE YEAR WITH 101 NEWKIRK STREET AND VAISHNO MA ACADEMY, LLC FOR THE USE OF PARKIGN SPACES AT 105-107 NEWKIRK STREET AND 165-169 ACADEMY STREET

Project Manager

Department/Division	Office of Business Administrator	
Name/Title	Robert Kakoleski	Business Administrator
Phone/email	201-547-4642	RJkakoleski@cnj.org

Note: Project Manager must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Contract Purpose

Ordinance Authorizing the City of Jersey City to execute Lease Agreements for a term of one year with 101 Newkirk Street, LLC and Vaishno MA Academy, LLC for the use of parking spaces at 105-107 Newkirk Street and 165-169 Academy Street

Cost (Identify all sources and amounts)

101 Newkirk Street, LLC \$1,500/month; and Vaishno MA Academy, LLC \$2,500/month

Contract term (include all proposed renewals)

One Year

Type of award

If "Other Exception", enter type

Additional Information

101 Newkirk Street, LLC \$1,500 per month. \$18,000 per year;
Vaishno MA Academy, LLC \$2,250 per month. \$27,000 per year.

I certify that all the facts presented herein are accurate.


Signature of Department Director

12/7/16
Date

LEASE AGREEMENT

This **AGREEMENT** made this ___ day of _____, 2017, between the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, with offices at City Hall, 280 Grove Street, Jersey City, New Jersey 07302 (the “City” or “Tenant”) and **101 NEWKIRK STREET, LLC** with offices at 931 Hudson Street, Hoboken, New Jersey 07030 (the “Landlord”).

WHEREAS, the City requires parking facilities for employees who work at the Lewis S. McRae Justice Complex located at 365 Summit Ave; and

WHEREAS, the Landlord owns a currently unused parking lot consisting of twenty (20) parking spaces located at 105-107 Newkirk Street (the “Facility”); and

WHEREAS, the Landlord agrees to lease to the City the Facility at 105-107 Newkirk Street for a monthly rent of \$75.00 per parking space per month for a total monthly rent of \$1,500.00; and

WHEREAS, the City and Landlord desire to enter into this lease agreement for a term effective as of February 1, 2017 through January 31, 2018; and

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

ARTICLE I

Premises

Landlord does hereby lease to the City and the City does hereby rent from the Landlord the Facility located at 105-107 Newkirk Street.

ARTICLE II

Term

This lease agreement shall be effective as of February 1, 2017 until January 31, 2018. The City and the Landlord shall have the right to terminate the lease without cause by providing sixty (60) days' written notice prior to the effective date of termination.

ARTICLE III

Use

Under the terms of this lease, the City shall have the right to use and occupy the Facility for employee parking.

ARTICLE IV

Payment of Rent

The City agrees to pay the Landlord a rent of \$75.00 per parking space per month for a total monthly rent of \$1,500.00, payable on the first day of each month. Payments must be mailed to Landlord's office at 931 Hudson Street, Hoboken, New Jersey 07030.

ARTICLE V

Indemnification

The City agrees to assume to defend and indemnify the Landlord against any third party claim of loss or damage to property or injury to or death, including wrongful death of persons, arising out of the City's use of the Facility permitted herein that is not due to the recklessness or negligence of Landlord, its agents, employees, and/or officials. The City shall, at no cost or expense to the Landlord, defend the Landlord against such claims. The Landlord shall not concede, settle or compromise any claim without obtaining express permission in advance from the Corporation Counsel of the City which shall not be unreasonably withheld.

ARTICLE VI

Termination

The City and the Landlord shall have the right to terminate the lease at any time without cause by giving the other party sixty (60) days' written notice prior to the effective date of termination.

ARTICLE VII

Validity of Lease

The terms, conditions, covenants, and provisions of this Lease shall be deemed to be severable. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity or any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect.

ARTICLE VIII

Notices

All notices required under the terms of this Lease shall be given and shall be complete by mailing such notices by certified mail, return receipt requested, or by hand delivery to the addresses below:

City:

City of Jersey City
Robert Kakoleski, Business Administrator
City Hall
280 Grove Street, Room 108
Jersey City, New Jersey 07302

Licensor:

101 Newkirk Street, LLC
931 Hudson Street
Hoboken, New Jersey 07030

ARTICLE IX

Entire Contract

This lease contains the entire agreement between the parties. No representative, agent, or employee of the Landlord has been authorized to make any representations or promise with reference to the within to vary, alter, or modify the terms hereof. No additions, changes or modifications, renewals or extensions hereof, shall be binding unless reduced to writing and signed by the Landlord and the City.

ARTICLE X

Insurance

The City agrees to supply Landlord with a certificate of insurance evidencing liability coverage naming Landlord as an additional insured. The City shall supply Landlord with the certificate of insurance prior to commencement of the lease, and such coverage shall remain in effect throughout the term of the lease.

ARTICLE XI

Maintenance

The City shall maintain the parking lot, including snow removal on the lot and sidewalks, and shall restripe the parking lots as needed. The City also agrees to assume any charges associated with the towing of any of the City's vehicles parked in the Facility.

ARTICLE XII

City Parking Taxes and Fees

The Facility rented by the City will be exempt from the City's tax on parking lot spaces pursuant to section 304-1 et seq. of the City Code and the City's fees for parking lots and public garages pursuant to section 160-1(Y.1) et seq. of the City Code.

ARTICLE XII

Renewal

Provided that construction related activities are not planned to occur on the Facility within sixty

(60) days after the expiration of the lease, the City shall have the right to renew the lease subject to approval by the Municipal Council.

IN WITNESS WHEREOF, the parties to this agreement have executed this Lease Agreement as of the _____ day of _____ 2017.

ATTEST:

CITY OF JERSEY CITY

ROBERT BYRNE
City Clerk

ROBERT KAKOLESKI
Business Administrator

WITNESS:

101 NEWKIRK STREET, LLC

By: _____

By: _____

Title: _____

Title: _____

LEASE AGREEMENT

This **AGREEMENT** made this ___ day of _____, 2017, between the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, with offices at City Hall, 280 Grove Street, Jersey City, New Jersey 07302 (the “City” or “Tenant”) and **VAISHNO MA ACADEMY, LLC** with offices at 2449 Kennedy Boulevard, Jersey City, New Jersey 07306 (the “Landlord”).

WHEREAS, the City requires parking facilities for employees who work at the Lewis S. McRae Justice Complex located at 365 Summit Ave; and

WHEREAS, the Landlord owns parking lot consisting of thirty (30) parking spaces located at 165-169 Academy Street (the “Facility”); and

WHEREAS, the Landlord agrees to lease to the City the Facility for a rent of \$75.00 per parking space per month for a total monthly rent of \$2,250.00; and

WHEREAS, the City and Landlord desire to enter into this lease agreement for a term effective as of February 1, 2017 through January 31, 2018; and

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

ARTICLE I

Premises

Landlord does hereby lease to the City and the City does hereby rent from the Landlord the Facility located at 165-169 Academy Street.

ARTICLE II

Term

This lease agreement shall be effective as of February 1, 2017 until January 31, 2018. The City and the Landlord shall have the right to terminate the lease without cause by providing sixty (60) days' written notice prior to the effective date of termination.

ARTICLE III

Use

Under the terms of this lease, the City shall have the right to use and occupy the Facility for employee parking.

ARTICLE IV

Payment of Rent

The City agrees to pay the Landlord a monthly rent of \$75.00 per parking space per month for a total monthly rent of \$2,250, payable on the first day of each month. Payments must be mailed to Landlord's office at 2449 Kennedy Boulevard, Jersey City, New Jersey 07306.

ARTICLE V

Indemnification

The City agrees to assume to defend and indemnify the Landlord against any third party claim of loss or damage to property or injury to or death, including wrongful death of persons, arising out of the City's use of the Facility permitted herein that is not due to the recklessness or negligence of Landlord, its agents, employees, and/or officials. The City shall, at no cost or expense to the Landlord, defend the Landlord against such claims. The Landlord shall not concede, settle or compromise any claim without obtaining express permission in advance from the Corporation Counsel of the City which shall not be unreasonably withheld.

ARTICLE VI

Termination

The City and the Landlord shall have the right to terminate the lease at any time without cause by giving the other party sixty (60) days' written notice prior to the effective date of termination.

ARTICLE VII

Validity of Lease

The terms, conditions, covenants, and provisions of this Lease shall be deemed to be severable. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity or any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect.

ARTICLE VIII

Notices

All notices required under the terms of this Lease shall be given and shall be complete by mailing such notices by certified mail, return receipt requested, or by hand delivery to the addresses below:

City:

City of Jersey City
Robert Kakoleski, Business Administrator
City Hall
280 Grove Street, Room 108
Jersey City, New Jersey 07302

Licensor:

Vaishno Ma Academy, LLC
2449 Kennedy Boulevard
Jersey City, New Jersey 07306

ARTICLE IX

Entire Contract

This lease contains the entire agreement between the parties. No representative, agent, or employee of the Landlord has been authorized to make any representations or promise with reference to the within to vary, alter, or modify the terms hereof. No additions, changes or modifications, renewals or extensions hereof, shall be binding unless reduced to writing and signed by the Landlord and the City.

ARTICLE X

Insurance

The City agrees to supply Landlord with a certificate of insurance evidencing liability coverage naming Landlord as an additional insured. The City shall supply Landlord with the certificate of insurance prior to commencement of the lease, and such coverage shall remain in effect throughout the term of the lease.

ARTICLE XI

Maintenance

The City shall maintain the parking lot, including snow removal on the lot and sidewalks, and shall restripe the parking lots as needed. The City also agrees to assume any charges associated with the towing of any of the City's vehicles parked in the Facility.

ARTICLE XII

City Parking Taxes and Fees

The Facility rented by the City will be exempt from the City's tax on parking lot spaces pursuant to section 304-1 et seq. of the City Code and the City's fees for parking lots and public garages pursuant to section 160-1(Y.1) et seq. of the City Code.

ARTICLE XII

Renewal

Provided that construction related activities are not planned to occur on the Facility within sixty

(60) days after the expiration of the lease, the City shall have the right to renew the lease subject to approval by the Municipal Council.

IN WITNESS WHEREOF, the parties to this agreement have executed this Lease Agreement as of the _____ day of _____ 2017.

ATTEST:

CITY OF JERSEY CITY

ROBERT BYRNE
City Clerk

ROBERT KAKOLESKI
Business Administrator

WITNESS:

VAISHNO MA ACADEMY, LLC

By: _____

By: _____

Title: _____

Title: _____

City Clerk File No. Ord. 16.190

Agenda No. 3.D 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.190

TITLE: **ORDINANCE SUPPLEMENTING CHAPTER A351 (EXECUTIVE ORDERS AND ORDINANCES) OF THE JERSEY CITY CODE TO CREATE A NEW CLASSIFIED POSITION FOR PRINCIPAL COMMUNITY ORGANIZATION SPECIALIST**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

A. The following supplements to Chapter A351 (Executive Orders and Ordinances) of the Jersey City Code are adopted:

Labor Grade

Title

*

Principal Community Organization Specialist

B. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

C. This ordinance shall be a part of the Jersey City Code as though codified and fully set forth therein. The City shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

D. This ordinance shall take effect at the time and in the manner as provided by law.

E. The City Clerk and the Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in [brackets] are omitted.
For purposes of advertising only, new matter is indicated by **boldface** and repealed matter by *italic*.

**Pursuant to N.J.S.A. 40:69A-43a.*

NR/he
11/23/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____

Business Administrator

Certification Required

Not Required

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

ORDINANCE SUPPLEMENTING CHAPTER A351 (EXECUTIVE ORDERS AND ORDINANCES) OF THE JERSEY CITY CODE TO CREATE A NEW CLASSIFIED POSITION FOR Principal Community Organization Specialist

Initiator

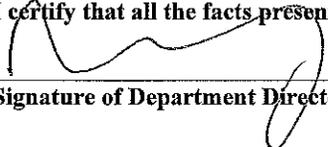
Department/Division	Human Resources	Workforce Management
Name/Title	Nancy Ramos	Director of Human Resources
Phone/email	(201) 547-5217	nancyr@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

To establish a New Title for Shally Sanini accordance with New Jersey Department of Civil Services Commission Rules and Regulations.

I certify that all the facts presented herein are accurate.



Signature of Department Director

11/21/16

Date



STEVEN M. FULOP
MAYOR OF JERSEY CITY

CITY OF JERSEY CITY
OFFICE OF THE MAYOR

CITY HALL | 280 GROVE STREET | JERSEY CITY, NJ 07302
P: 201 547 5500 | F: 201 547 5442



STEVEN M. FULOP
MAYOR OF JERSEY CITY

E.O. _____

_____, 2016

**EXECUTIVE ORDER OF THE MAYOR
OF THE
CITY OF JERSEY CITY**

CLASSIFIED POSITIONS FOR CITY EMPLOYEES

Pursuant to the Faulkner Act, N.J.S.A. 40:69A-48, as amended by L.1985, c.374, the Mayor is now authorized to set the salaries, wages or other compensation of all employees of administrative departments except department directors and employees whose salaries are required to be set by ordinance.

Pursuant to this authorization, I issue the following Executive Order establishing guidelines for salaries and wages of those employees whose salaries are set by the Mayor:

Labor Grade

Title

25

Principal Community Organization Specialist

This order shall take effect immediately.

Very truly yours,

STEVEN M. FULOP, MAYOR

SMF/he

cc: Robert J. Kakoleski, Business Administrator
Jeremy Farrell, Corporation Counsel
Robert Byrne, City Clerk
Donna Mauer, Chief Financial Officer
Nancy Ramos, Personnel Director

Ordinance/Resolution Fact Sheet

This summary sheet is to be attached to the front of any ordinance, resolution, cooperation agreement, or contract that is submitted for Council consideration. Incomplete or sketch summary sheets will be returned with the resolution or ordinance. The Department, Division, or Agency responsible for the overall implementation of the proposed project or program should provide a concise and accurate state of facts.

Full Title of Ordinance/Resolution/Cooperation Agreement:

Principal Community Organization Specialist

Name & Title of Person Initiating Ordinance/Resolution, Etc.:

Nancy Ramos, Human Resources Director

Concise Description of the Program, Project, or Plan Proposed in the Ordinance:

Reasons for the Proposed Program, Project, Etc.:

Shally Sanini

Anticipated Benefits to the Community:

Cost of Program, Project, Etc.:(Indicate the dollar amount of City, State, Federal funds to be used as well as match and in-kind contributions.)

Date Proposed Program or Project will Commence: _____

Anticipated Completion Date: _____

Person Responsible for Coordinating Proposed Program, Project Etc.: _____

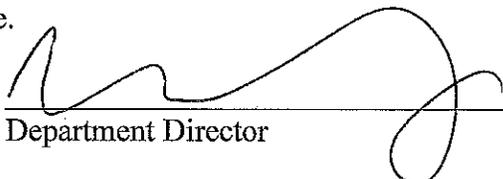
Additional Comments:

Union Affiliation - Management

I Certify That All Facts Present Herein Are Accurate.

11/21/16

Date



Department Director

Date Submitted to Law Department 11/21/16

New Title

Title: Principal Community Specialist

Department: Health & Human Services

Division: Health

Labor Grade: 25

Min. \$ 16,100

Max. \$55,657

Union: Management

Employee Name Shally Saini

Address: 556 B Springfield Avenue (5-A)

Summit, New Jersey 07901

SALARY: \$ 40,000

City Clerk File No. Ord. 16.191

Agenda No. 3.E 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.191

TITLE: **ORDINANCE SUPPLEMENTING CHAPTER A351 (EXECUTIVE ORDERS AND ORDINANCES) OF THE JERSEY CITY CODE TO CREATE A NEW CLASSIFIED POSITION FOR ASSISTANT SUPERVISOR MECHANIC**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

A. The following supplements to Chapter A351 (Executive Orders and Ordinances) of the Jersey City Code are adopted:

<u>Labor Grade</u>	<u>Title</u>
*	<u>Assistant Supervisor Mechanic</u>

B. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

C. This ordinance shall be a part of the Jersey City Code as though codified and fully set forth therein. The City shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

D. This ordinance shall take effect at the time and in the manner as provided by law.

E. The City Clerk and the Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in [brackets] are omitted. For purposes of advertising only, new matter is indicated by **boldface** and repealed matter by *italic*.

**Pursuant to N.J.S.A. 40:69A-43a.*

NR/he
11/22/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____

Business Administrator

Certification Required

Not Required

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

ORDINANCE SUPPLEMENTING CHAPTER A351 (EXECUTIVE ORDERS AND ORDINANCES) OF THE JERSEY CITY CODE TO CREATE A NEW CLASSIFIED POSITION FOR ~~(ASSISTANT SUPERVISOR MECHANIC)~~

Initiator

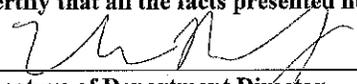
Department/Division	Human Resources	Workforce Management
Name/Title	Nancy Ramos	Director of Human Resources
Phone/email	(201) 547-5217	nancyr@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

To establish a New Title for Gary J Petrucelli in accordance with New Jersey Department of Civil Services Commission Rules and Regulations.

I certify that all the facts presented herein are accurate.



Signature of Department Director

11/17/16

Date



STEVEN M. FULOP
MAYOR OF JERSEY CITY

CITY OF JERSEY CITY
OFFICE OF THE MAYOR

CITY HALL | 280 GROVE STREET | JERSEY CITY, NJ 07302
P: 201 547 5500 | F: 201 547 5442



STEVEN M. FULOP
MAYOR OF JERSEY CITY

E.O. _____

_____, 2016

**EXECUTIVE ORDER OF THE MAYOR
OF THE
CITY OF JERSEY CITY**

CLASSIFIED POSITIONS FOR CITY EMPLOYEES

Pursuant to the Faulkner Act, N.J.S.A. 40:69A-48, as amended by L.1985, c.374, the Mayor is now authorized to set the salaries, wages or other compensation of all employees of administrative departments except department directors and employees whose salaries are required to be set by ordinance.

Pursuant to this authorization, I issue the following Executive Order establishing guidelines for salaries and wages of those employees whose salaries are set by the Mayor:

Labor Grade

Title

26

Assistant Supervising Mechanic

This order shall take effect immediately.

Very truly yours,

STEVEN M. FULOP, MAYOR

SMF/he

cc: Robert J. Kakoleski, Business Administrator
Jeremy Farrell, Corporation Counsel
Robert Byrne, City Clerk
Donna Mauer, Chief Financial Officer
Nancy Ramos, Personnel Director

Ordinance/Resolution Fact Sheet

This summary sheet is to be attached to the front of any ordinance, resolution, cooperation agreement, or contract that is submitted for Council consideration. Incomplete or sketch summary sheets will be returned with the resolution or ordinance. The Department, Division, or Agency responsible for the overall implementation of the proposed project or program should provide a concise and accurate state of facts.

Full Title of Ordinance/Resolution/Cooperation Agreement:

Assistant Supervising Mechanic

Name & Title of Person Initiating Ordinance/Resolution, Etc.:

Nancy Ramos, Human Resources Director

Concise Description of the Program, Project, or Plan Proposed in the Ordinance:

Reasons for the Proposed Program, Project, Etc.:

Gary J. Petrucelli

Anticipated Benefits to the Community:

Cost of Program, Project, Etc.:(Indicate the dollar amount of City, State, Federal funds to be used as well as match and in-kind contributions.)

Date Proposed Program or Project will Commence:

Anticipated Completion Date:

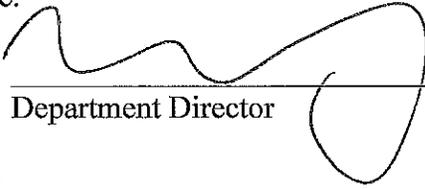
Person Responsible for Coordinating Proposed Program, Project Etc.:

Additional Comments:

Union Affiliation - Jersey City Supervisor's Association

I Certify That All Facts Present Herein Are Accurate.

Date



Department Director

Date Submitted to Law Department

11/07/16

RECEIVED
NOV 16 09:24
CITY OF JERSEY
HUMAN RESOURCES

New Title

Title: Assistant Supervising Mechanic

Department: Public Work

Division: Automotive

Labor Grade: 26

Min. \$16,800

Max. \$58,110

Union: JCSA

Employee Name: Gary J. Petrucelli

Address: 30 W9th Street

SALARY: \$57,500

City Clerk File No. Ord. 16.192

Agenda No. 3.F 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.192

TITLE: AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE XIII(PARKING, STANDING AND STOPPING) SECTION 332-31(PARKING RESTRICTIONS FOR STREET CLEANING PURPOSES) AMENDING THE PARKING RESTRICTIONS FOR STREET CLEANING PURPOSES ON THE ENTIRE LENGTH OF DE KALB AVENUE

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

1. Chapter 332 (Vehicles and Traffic) Article XIII(Parking, Standing and Stopping) of the Jersey City Code is hereby supplemented as follows:

Section 332-31 Parking restrictions for street cleaning purposes.
No person shall park a vehicle upon any of the streets or sides of the streets either in whole or in part, during the hours of the days listed below.

<u>Name of Street</u>	<u>Side</u>	<u>Days of the Week</u>	<u>Hours</u>	<u>Limits</u>
DeKalb Av	South	<u>[M - Th]</u> <u>Tu - F</u>	8:00 a.m. to 10:00 a.m.	Entire length
	North	<u>[Tu - F]</u> <u>M - Th</u>	8:00 a.m. to 10:00 a.m.	Entire length

- All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- This ordinance shall be a part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- This Ordinance shall take effect at the time and in the manner as provided by law.
- The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: The new material to be inserted is underscored; the material to be repealed is in *[brackets]*.

JDS:pcl
(11.15.16)

APPROVED: _____
Director of Traffic & Transportation

APPROVED AS TO LEGAL FORM

APPROVED: _____
Municipal Engineer
APPROVED: _____
Business Administrator

Corporation Counsel

Certification Required
Not Required

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance

AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE XIII (PARKING, STANDING AND STOPPING) SECTION 332-31(PARKING RESTRICTIONS FOR STREET CLEANING PURPOSES) AMENDING THE PARKING RESTRICTIONS FOR STREET CLEANING PURPOSES ENTIRE LENGTH OF DEKALB AVENUE

Initiator

Department/Division	Administration	Engineering, Traffic and Transportation
Name/Title	Joao D'Souza at the request of Gerald McCann, Supervisor – Street Sweeping – DPW	Director of Traffic & Transportation
Phone/email	201.547.4470	JOAO@jcnj.org

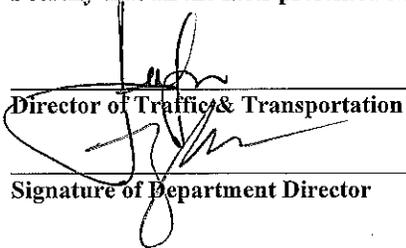
Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

AN ORDINANCE AMENDING THE PARKING RESTRICTIONS FOR STREET CLEANING PURPOSES ON THE ENTIRE LENGTH OF DEKALB AVENUE

This legislation is necessary in order for Section 332-31 of the Municipal Code to reflect the parking restrictions indicated on the signs that are now and have been installed on DeKalb Avenue.

I certify that all the facts presented herein are accurate.



Director of Traffic & Transportation

Signature of Department Director

11/21/16
Date
12/7/16
Date



Map data ©2016 Google 200 ft

City Clerk File No. Ord. 16.193

Agenda No. 3.G 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.193

TITLE: AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 6304, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 71 SKILLMAN AVENUE

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, the City of Jersey City as an area in need of rehabilitation, is authorized to adopt an ordinance to utilize tax exemptions pursuant to N.J.S.A. 40A:21-1, et seq., the Five (5) Year Exemption and Abatement Law; and

WHEREAS, pursuant to N.J.S.A. 40A:21-1 et seq., the City of Jersey City adopted Ordinance 05-060, Section 304-6 et seq. of the Municipal Code, to allow Five (5) Year Tax Exemptions which allows the Tax Assessor to regard the full and true value or a portion thereof of certain improvements as not increasing the full and true value of certain property for a period of five (5) years, provided the owner's application is approved by the Tax Assessor and by Ordinance of the Municipal Council; and

WHEREAS, pursuant to N.J.S.A. 40A:21-9 and Section 304-12 of the Municipal Code, a tax exemption for the construction of a new five (5) story building to contain approximately forty-six (46) market rate residential rental units and approximately twenty-two (22) parking spaces on the Property, is permitted for a period of five (5) years; and

WHEREAS, Journal Square Estates, LLC [Entity], is the owner of Property designated as Block 6304, Lot 2.01, on the City's Tax Map and more commonly known by the street address of 71 Skillman Avenue, Jersey City, NJ; and

WHEREAS, the Entity constructed a new five (5) story building to contain approximately forty-six (46) market rate residential rental units and approximately twenty-two (22) parking spaces on the Property; and

WHEREAS, the Entity began construction prior to the change in the Ordinance and it is substantially complete; and

WHEREAS, submitted the application and payment within 30 days of the issuance of the Certificate of Occupancy; and

WHEREAS, the Entity filed an application for a five (5) year tax exemption for a new residential rental Project, a copy of which application is attached hereto; and

AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 6304, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 71 SKILLMAN AVENUE

WHEREAS, Journal Square Estates, LLC, proposes to pay the City (in addition to the full taxes on the land, which shall continue to be conventionally assessed and are currently taxed at the sum of \$26,584) a tax payment for the new improvements on the property, as follows:

- (a) 2018: the tax year in which the structure will be completed, \$0 taxes due on improvements;
- (b) 2019: the second tax year, 20% of taxes otherwise due on improvements, estimated to be \$24,931;
- (c) 2020: the third tax year, 40% of taxes otherwise due on improvements, estimated to be \$49,862;
- (d) 2021: the fourth tax year, 60% of taxes otherwise due on improvements, estimated to be \$74,794; and
- (e) 2022: the fifth tax year, 80% of taxes otherwise due on improvements, estimated to be \$99,725;

WHEREAS, the Tax Assessor has determined that the new construction will generate an additional tax payment of \$26,584 for land and \$124,656 for improvements, for a total of \$151,240 a year; and

WHEREAS, the applicant has agreed that in the event the Citywide revaluation results in a decrease in the estimated amount of actual taxes otherwise due, then for purposes of calculating a tax payment hereunder and for the five (5) year period, the amount shall be calculated on the higher of the amount estimated hereunder or the actual taxes otherwise due; and

WHEREAS, the application for tax exemption was complete and timely filed; the application was approved by the Tax Assessor and the commercial Project is eligible for tax exemption pursuant to N.J.S.A. 40A:21-9 and Section 304-12 of the Municipal Code; and

WHEREAS, upon the expiration of the tax exemption, the total assessment, including both land and improvements, will generate a total tax payment of \$151,240; and

WHEREAS, Journal Square Estates, LLC, has agreed to pay the sum of \$77,991 to the City's Affordable Housing Trust Fund, which shall be paid in intervals set forth in Section 304-28 of the Municipal Code.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

1. The application, attached hereto, for a five (5) year tax exemption for the full and true value of a new five (5) story building to contain approximately forty-six (46) market rate residential rental units and approximately twenty-two (22) parking spaces, located in Block 6304, Lot 2.01, and more commonly known by the street address of 71 Skillman Avenue, Jersey City, N.J., is hereby approved.
2. The Mayor or Business Administrator is hereby authorized to execute a tax exemption agreement which shall contain at a minimum, the following terms and conditions:

AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 6304, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 71 SKILLMAN AVENUE

- (a) tax payment on the new improvements shall be:
 - (i) Year 1: the tax year in which the structure will be completed. \$0 taxes;
 - (ii) Year 2: the second tax year, 20% of taxes otherwise due on improvements, estimated to be \$24,931;
 - (iii) Year 3: the third tax year, 40% of taxes otherwise due on improvements, estimated to be \$49,862;
 - (iv) Year 4: the fourth tax year, 60% of taxes otherwise due on improvements, estimated to be \$74,794; and
 - (v) Year 5: the fifth tax year, 80% of taxes otherwise due on improvements, estimated to be \$99,725.

The applicant has agreed that in the event the Citywide revaluation results in a decrease in the amount of actual taxes otherwise due for purposes of calculating a tax payment hereunder; during this five (5) year period, the amount due hereunder shall be calculated on the higher of the amount estimated above or the actual taxes due after the revaluation; and

(b) The project shall be subject to all federal, state and local laws, and regulations on pollution control, worker safety, discrimination in employment, zoning, planning, and building code requirements pursuant to N.J.S.A. 40A:21-11(b).

(c) If, during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the tax which would have otherwise been payable for each tax year shall become due and payable from the property owner as if no exemption and abatement had been granted. The collector forthwith ad the tax collector shall, within 15 days thereof, notify the owner of the property of the amount of taxes due.

(d) With respect to the disposal of the property, where it is determined that the new owner of the property will continue to use the property pursuant to the conditions which qualified the property, no tax shall be due, the exemption shall continue, and the agreement shall remain in effect.

(e) At the termination of a tax exemption agreement, the new improvements shall be subject to all applicable real property taxes as provided by State law and regulation and local ordinance; but nothing herein shall prohibit a project, at the termination of an agreement, from qualifying for, an receiving the full benefits of, any other tax preferences provided by law.

(f) Affordable Housing Trust Fund: \$1,500 x 46 market rate residential rental units or \$69,000; and \$1.50 x 5,994 square feet of parking or \$8,991, for a total of \$77,991.

3. Since construction is substantially complete, a Project Employment and Contracting Agreement is not necessary.

AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 6304, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 71 SKILLMAN AVENUE

- 4. The form of tax exemption agreement is attached hereto as Exhibit B, subject to such modification as the Corporation counsel or Business Administrator deems necessary.
- 5. The Tax Assessor shall send a copy of the fully executed Financial Agreement will be sent to the Director of the Division of Local Government Services in the Department of Community Affairs within thirty (30) days of execution pursuant to N.J.S.A. 40a:21-11(d).
- A. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- B. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- C. This ordinance shall take effect at the time and in the manner provided by law.
- D. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted. For purposes of advertising only, new matter is indicated by **bold face** and repealed matter by *italic*.

JJH/he
12/05/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required
Not Required

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any Ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the Ordinance.

Full Title of Ordinance

AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 6304, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 71 SKILLMAN AVENUE

Initiator

Department/Division	Office of the Mayor	Office of the Deputy Mayor
Name/Title	Marcos D. Vigil	Deputy Mayor
Phone/email	201-547-6542	mvigil@jenj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

The applicant, Journal Square Estates, LLC, is applying for a five (5) Year tax abatement for a new five (5) story building to contain approximately forty-six (46) market rate residential rental units and approximately twenty-two (22) parking spaces pursuant to N.J.S.A. 40 A: 21-1 et seq. The fee of \$9,200 was paid with the application.

The completed project is a five (5) story building to contain approximately forty-six (46) market rate residential rental units and approximately twenty-two (22) parking spaces.

The applicant received a Certificate of Occupancy. The application and fee were filed and paid within 30 days of receipt of the CO.

I certify that all the facts presented herein are accurate.

Marcos D. Vigil
Deputy Mayor

Date

DATE: December 1, 2016
TO: John Halanan (For distribution to City Council and City Clerk)
FROM: Al Cameron, Fiscal Officer - Tax Collector's Office
SUBJECT: FIVE YEAR TAX ABATEMENT: MARKET RATE RESIDENTIAL RENTAL PROJECT Journal Square Estates, LLC – 71 Skillman Avenue - lock 6304 Lot 2.01
CC: J. Monahan, E. Borja, E. Toloza, M. Vigil, R. Kakoleski, R. Lavarro, P. Leandre, K. Kane

INTRODUCTION:

The applicant, Journal Square Estates, LLC, is applying for a five (5) Year tax abatement for a market rate residential rental project pursuant to N.J.S.A. 40 A: 21-1 et seq. The applicant began construction prior to a change in the ordinance requiring an application to be filed prior to the start of construction. A fee of \$9,200 was paid with the application.

LOCATION OF THE PROPERTY:

The property is located at 71 Skillman Avenue between Liberty Avenue and Kennedy Boulevard. It is Block 6304, Lot 2.01 on the Jersey City Tax Map. The property is located within the R-3 Multi-Family Mid-Rise Zone.

PROPERTY CONSTRUCTED:

Construction is complete. Construction began prior to the change in the Ordinance requiring abatement approval prior to the start of construction. The applicant submitted the application and payment within thirty (30) days of the issuance of the Certificate of Occupancy. The project is a five (5) story market rate forty-six (46) residential unit building with twenty-two (22) parking spaces. The building will consist of three (3) for rent Condominium units. Unit one (1) has five (5) residential units. Unit two (2) has eighteen units (18) residential units. Unit three (3) has eighteen units (18) residential units.

The forty-six (46) residential units are as follows:

<u>Unit Type</u>	<u>Number of Units</u>
Studio	15
One Bedroom	17
Two Bedroom	14
Total	<u>46</u>

TOTAL CONSTRUCTION COST:

The cost of construction is certified by the applicant's architect, Chun Feng, at \$4,700,000. The cost of direct labor is \$1,034,000 and materials are \$3,666,000. These costs do not include architectural (\$200,000) and engineering (\$80,000).

CONSTRUCTION SCHEDULE:

Construction is complete and began prior to the change in the requirements mandating that the application be approved prior to start of construction.

ESTIMATED JOBS CREATED:

The applicant estimates twenty (20) full-time equivalent jobs were created during construction. The applicant will self manage the building. No post construction jobs are anticipated. Therefore a Project Employment and Contracting Agreement is not necessary.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

Journal Square Estates, LLC

		Rate	Amount
Residential Units	46	\$1,500.00	\$69,000.00
Square footage Parking	5,994	\$1.50	\$8,991.00
			<hr/>
		Total AHTF Payment	<u>\$77,991.00</u>

CURRENT REAL ESTATE TAXES:

The new assessment provided by the Tax Assessor for the land is \$345,200. The building is assessed at \$1,618,700. Based upon that assessment at the current rate of \$77.01 the tax for the land is \$26,584. The full tax on the improvements at current the rate is \$124,656.

PROPOSED ABATEMENT:

The applicant has requested a term of five (5) years for the abatement on the improvements. The Applicant will pay the full tax for the land tax in each and every year of the abatement and has proposed a phase-in of the assessment on improvements.

In year one (1) the applicant proposes no taxes on improvements.

In year two (2) the applicant would pay taxes on twenty percent (20%) of the improvements.

The applicant would pay forty percent (40%) in year three (3), sixty percent (60%) in year four (4), Eighty percent (80%) in year five (5) and full taxes in year six (6).

PROPOSED REVENUE TO THE CITY:

The total phased-in tax on improvements projected to be paid for the five-year term of the abatement is \$264,623.75.

The total tax exempted on the improvements for the term is \$384,091.54. The Tax Assessor set the assessment based upon information provided by the Applicant.

The schedule below adds a two percent (2%) annual increase in the tax rate. The Assessor's Schedule does not include a projected increase in the Tax Rate.

Block 6304 Lot 2.01

Tax Projections on Improvements Only

71 Skillman Avenue						Five Year
Year	1	2	3	4	5	Totals
Current Tax Rate	77.01	78.55	80.12	81.72	83.36	-
Full Tax on Improvements	124,656.09	127,149.21	129,692.19	132,286.04	134,931.76	648,715.28
Phase in %	0%	20%	40%	60%	80%	
Phase in Tax on improvements	0.00	25,429.84	51,876.88	79,371.62	107,945.41	264,623.75
Exempted Tax	124,656.09	101,719.37	77,815.32	52,914.41	26,986.35	384,091.54

Assumes 2% Annual Tax Rate Increase

Per Tax Assessor

Assessments

Land \$345,200

Improvements \$1,618,700

Total \$1,963,900

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 5 YEAR)

Block: 6304 Lot: 2.01 Loc: 71 Skillman Avenue

Market Rate Rental Units with Retail	Number of Units	Demographic Multipliers (Transit Oriented Development)*				Annual Expenditures		Total Annual Expenditures		
		Household	Students	Total		Per Capita Municipal	Per Pupil Per School District	Municipal	School District	Total
				Residents	Students					
Studio	15	1.000	0.000	15.00	0.00	\$1,172.97	\$3,673.00	\$17,594.59	\$0.00	\$17,594.59
1 Bedroom	17	1.421	0.050	24.16	0.85	\$1,172.97	\$3,673.00	\$28,335.51	\$3,122.05	\$31,457.56
2 Bedroom	14	2.012	0.120	28.17	1.68	\$1,172.97	\$3,673.00	\$33,040.30	\$6,170.64	\$39,210.94
TOTAL	46			67.33	2.53			\$78,970.40	\$9,292.69	\$88,263.09

1. Total Municipal Ratables	\$6,093,045,337	4. CY 2016 Budget	\$570,918,095	6. Population of Jersey City (2014 Census)	262,146	9. Increase in Services Incurred Per Development	\$ 88,263.09
2. Residential Ratables	\$3,281,646,604			7. Per Capita Municipal Cost	\$1,172.97	10. Anticipated Taxes (Assuming 77.01 Rate)	
Commercial Ratables	\$1,524,059,780			8. Annual Expenditures Per Student**	\$3,673.00	1st Year \$	26,583.85
3. Residential Ratables as a Percentage of Total Ratables	53.86%	5. Residential Portion	\$307,490,150			2nd Year \$	51,515.07
						3rd Year \$	76,446.29
						4th Year \$	101,377.50
						5th Year \$	126,308.72
						11. Implied Surplus (Cost)	
						1st Year \$	(61,679.24)
						2nd Year \$	(36,748.02)
						3rd Year \$	(11,816.80)
						4th Year \$	13,114.41
						5th Year \$	38,045.63

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

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2005

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

JOURNAL SQUARE ESTATE, LLC
BLOCK 6304 Lot 2.01
71 Skillman Ave.

6304-2.01

Block	Lot		Existing Assessments	New Assessments	Assessment (Phased-In)
6304	2.01	Land	345,200	345,200	-
		Bldg	-	1,618,700	1,618,700
		Total	345,200	1,963,900	1,618,700

Est. In-Lieu of Full Property Tax On Such Property An Amount Equal To A Percentage Of Taxes Otherwise Due, According To The Following Schedule:

Year		
1	In the first full tax year after completion, no payment in lieu of taxes otherwise due;	0
2	In the second tax year, an amount equal to 20% of conventional taxes otherwise due, estimated to be the sum of;	\$ 24,931.22
3	In the third tax year, an amount equal to 40% of conventional taxes otherwise due, estimated to be the sum of ;	\$ 49,862.43
4	In the fourth tax year, an amount equal to 60% of conventional taxes otherwise due, estimated to be the sum of;	\$ 74,793.65
5	In the fifth tax year, an amount equal to 80% of conventional taxes otherwise due, estimated to be the sum of;	\$ 99,724.87
	AT THE EXPIRATION OF THE EXEMPTION, THE PROJECT'S NEW IMPROVEMENT WILL GENERATE APPROXIMATELY THE SUM OF;	\$ 124,656.09
	Based on 2016 Rate, 2016 Ratio & 964,800 GPI	

10/25/216

TIER ONE (5 YEAR)
12/05/16
NJSA 40A:21-1 et seq
(Multiple Dwelling, Industrial, Commercial)

TAX AGREEMENT
FIVE YEAR/NEW CONSTRUCTION

THIS AGREEMENT made on this _____ day of _____, 2017, by and between the **CITY OF JERSEY CITY** [City], a municipal corporation organized under the Laws of the State of New Jersey and having its principal place of business at 280 Grove Street, Jersey City, New Jersey 07302, and, **JOURNAL SQUARE ESTATES** [Applicant/Owner], whose principal place of business is 83 Corbin Avenue, Jersey City, NJ 07306.

WITNESSETH:

WHEREAS, the Municipal Council has indicated by its intention to utilize the five year tax exemption provisions authorized by Article VIII, Section I, paragraph VI of the NJ State Constitution and the Five Year Exemption Law, N.J.S.A. 40A:21-1 et seq. for improvements and projects by the adoption of Ordinance 05-060, as amended by Ordinances 07-146 and 14-027; and

WHEREAS, the Applicant is owner of certain property located at 71 Skillman Avenue, in the City of Jersey City, County of Hudson and State of New Jersey, designated as Block 6304, Lot 2.01 on the Tax Assessor's Map, more commonly known by the street address of 71 Skillman Avenue, and more particularly described in the metes and bounds description attached hereto as Exhibit A [Property];

WHEREAS, on or about November 13, 2016, the Applicant applied for a five year tax exemption to construct a new five (5) story building to contain approximately forty-six (46) market rate residential rental units and approximately twenty-two (22) parking spaces on the Property [Improvements] pursuant to N.J.S.A. 40A:21-1 et seq and Section 304-12 of the Municipal Code [Law]; and

WHEREAS, the City has reviewed the application, approved the construction of the Improvements and authorized the execution of a Tax Exemption Agreement by the adoption of Ordinance _____ on _____.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises and covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I: APPROVAL OF TAX EXEMPTION

The City hereby agrees to a tax exemption for the construction of a new five (5) story building to contain approximately forty-six (46) market rate residential rental units

and approximately twenty-two (22) parking spaces [Improvements] on the Property, as further described in the Application, attached hereto as Exhibit B, pursuant to the provisions of N.J.S.A. 40A:21-1 et seq. and Ordinance _____ which authorized the execution of this Tax Agreement [Law], subject to the terms and conditions hereof.

ARTICLE II: IN LIEU OF TAX PAYMENTS

The Applicant agrees to make estimated payments on the new Improvements, (separate and apart from taxes on the land and existing improvements which shall continue to be subject to conventional assessment and taxation and for which the Applicant shall receive no credit against the in lieu of tax payment) in lieu of full property tax payments according to the following schedule:

1. For the full calendar of Year 1, no payment in lieu of taxes;
2. For the full calendar of Year 2, twenty (20%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$24,931;
3. For the full calendar of Year 3, forty (40%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$49,862;
4. For the full calendar of Year 4, sixty (60%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$74,794; and
5. For the full calendar of Year 5, eighty (80%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$99,725.

In the event a City-wide revaluation results in decrease in the amount of taxes otherwise due, payment hereunder shall be the higher of either the taxes estimated above or the amount of actual taxes after the City-wide revaluation.

ARTICLE III: APPLICATION FEE

The Applicant has paid the sum of **\$9,200** to the City as an application fee. Failure to make such payment shall cause the tax exemption to terminate.

ARTICLES IV: FEDERAL, STATE AND LOCAL LAW

The construction of the Improvements is subject to all applicable federal, State and local laws and regulations on pollution control, worker safety, discrimination in employment, housing provision, zoning, planning and building code requirements.

ARTICLE V: TERM OF EXEMPTION

The Tax Exemption granted shall be valid and effective for a period of five (5) full years beginning the first day of the month after the date of Substantial Completion of

the Project, which shall ordinarily mean the date on which the City issues, or the Project is eligible to receive, a Certificate of Occupancy, whether temporary or final, for part or the whole of the Project. During the term of the tax exemption, the Applicant shall make an in lieu of tax payment to the City in accordance with the schedule set forth above. Prior to the commencement of the tax exemption, and upon expiration thereof, the Applicant shall pay full conventional taxes on the Improvements.

ARTICLE VI: REVALUE

The applicant has agreed that in the event the revalue results in a decrease in the amount of actual taxes otherwise due, for purposes of calculating a tax payment hereunder during the five (5) year period, the amount shall be calculated on the higher of the amount estimated hereunder or the actual taxes.

ARTICLE VII: NO COUNTY EQUALIZATION AND SCHOOL AID

Pursuant to N.J.S.A. 40A:21-11(c), the percentage, which the payment in lieu of taxes for the tax exempt property bears to the property tax which would have been paid had an exemption not been granted for the property under this Agreement, shall not be applied to the valuation of the property to determine the reduced valuation of the property to be included in the valuation of the City for determining equalization for county tax apportionment and school aid, during the term of the tax exemption agreement covering this property. At the expiration or termination of this Agreement, the reduced valuation procedure required under the Law shall no longer apply.

ARTICLE VIII: OPERATION OR DISPOSITION OF PROPERTY

If during any year prior to the termination of this Agreement, the Applicant ceases to operate or disposes of the Property, or fails to meet the conditions for qualifying for tax exemption under this Agreement or pursuant to Law, then the tax which would have otherwise been payable for each and every year, shall become due and payable from the Applicant as if no exemption had been granted. The Tax Collector shall, within 15 days thereof, notify the owner of the Property of the amount of taxes due.

However, with respect to the disposal of the property, if it is determined that the new owner will continue to use the property pursuant to the conditions which qualify the property for exemption, the tax exemption shall continue and this Agreement shall remain in full force and effect.

ARTICLE IX: AFFORDABLE HOUSING TRUST FUND CONTRIBUTION REQUIRED

A. **Contribution.** The Entity will pay the City the sum of \$77,991 or \$1,500 per unit x 46 units; and \$1.50 per square foot x 5,994 square feet of parking, 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;
- 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 Tax 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 Tax Agreement.

**ARTICLE X: TERMINATION/ELIGIBILITY
FOR ADDITIONAL TAX EXEMPTION**

Upon the termination of this Agreement for tax exemption, the Project shall be subject to all applicable real property taxes as provided by State Laws and Regulations and City Ordinances. However, nothing herein shall be deemed to prohibit the Project, at the termination of this Agreement, from qualifying for and receiving the full benefits of any other tax preferences allowed by law. Furthermore, nothing herein shall prohibit the Applicant from exercising any rights under any other tax provisions of State law or City Ordinances.

In the event the owner elects to terminate this tax abatement after the revalue, the owner shall pay the City the difference of 100% of the full amount of the taxes otherwise due from the 1st year of this agreement to the date of termination.

ARTICLE XI: NOTICES

All notices to be given with respect to this Agreement shall be in writing. Each notice shall be sent by registered or certified mail, postage prepaid, return receipt requested, to the party to be notified at the addresses set forth below or at such other address as either party may from time to time designate in writing:

Notice to City:

Business Administrator
City Hall, 280 Grove Street
Jersey City, New Jersey 07302

Notice to Applicant:

**Journal Square Estates
83 Corbin Avenue
Jersey City, NJ 07306
Attn: Ravi Adusumilli**

ARTICLE XII: GENERAL PROVISIONS

This Agreement contains the entire Agreement between the parties and cannot be amended, changed or modified except by written instrument executed by the parties hereto.

In the event that any provisions or term of this Agreement shall be held invalid or unenforceable by a Court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof; provided, however, that the City continues to receive the full benefit of any economic term hereunder.

This Agreement shall be governed by and construed in accordance with the Laws of the State of New Jersey.

This agreement may be executed in several counterparts, each of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Applicant have caused this Agreement to be executed on the date and year first above written.

WITNESS:

JOURNAL SQUARE ESTATES, LLC

BY: _____
Ravi Adusumilli, Member

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

BY: _____
Robert J. Kakoleski
Business Administrator

City Clerk File No. Ord. 16.194

Agenda No. 3.H 1st Reading

Agenda No. _____ 2nd Reading & Final Passage

THIS ORDINANCE SECURES BONDS OR OTHER OBLIGATIONS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF THE "REDEVELOPMENT AREA BOND FINANCING LAW" AND THE LIEN HEREOF IN FAVOR OF THE OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS IS A MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-MUNICIPAL LIENS HEREINAFTER RECORDED

ORDINANCE OF JERSEY CITY, N.J.



COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.194

TITLE: AN ORDINANCE APPROVING THE EXECUTION OF A FINANCIAL AGREEMENT WITH PH URBAN RENEWAL LLC AND OTHER APPLICABLE DOCUMENTS RELATED TO THE AUTHORIZATION AND ISSUANCE BY THE JERSEY CITY REDEVELOPMENT AGENCY (JCRA) OF REDEVELOPMENT AREA BONDS (NON-RECOURSE TO THE FULL FAITH AND CREDIT OF THE CITY) NOT TO EXCEED \$1,000,000 AND DETERMINING VARIOUS OTHER MATTERS IN CONNECTION THEREWITH

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, the Municipal Council of the City of Jersey City, in the County of Hudson, New Jersey (the "City"), in accordance with the criteria set forth in the Local Redevelopment and Housing Law, constituting Chapter 79 of the Pamphlet Laws of 1992 of the State of New Jersey (the "State"), and the acts amendatory thereof and supplemental thereto (the "Redevelopment Law", as codified by N.J.S.A. 40A:12A-1 et seq.), has heretofore established a portion of the City as an area in need of redevelopment, known as the Paulus Hook Redevelopment Area (the "Redevelopment Area"); and

WHEREAS, the Redevelopment Area includes Block 13102, Lot 1.02 (the "Project Premises"), which Project Premises is governed by the Paulus Hook Redevelopment Plan, as supplemented by the Block 13102 Redevelopment Plan, as the same may be amended and supplemented from time to time (collectively, the "Redevelopment Plan"); and

WHEREAS, PH Urban Renewal LLC (the "Entity") as the contract purchaser of the Project Premises, made application to the Jersey City Redevelopment Agency (the "Agency") to be designated as the entity to redevelop the Project Premises; and

WHEREAS, the Agency has reviewed the proposal of the Entity and related submissions and has determined that it is in the Agency's best interests to select the Entity as the designated redeveloper for the Project Premises; and

WHEREAS, the Entity intends to undertake a redevelopment project on the Project Premises, which is will include the construction of (i) a 52-story residential tower containing up to 750 residential units, of which five percent (5%) of the revenue generating residential units will be deed restricted for a twenty (20) year term for use as housing for moderate income households (i.e., households which earn 80% or less of area mean income and which qualify as income eligible for such housing under HUD guidelines), (ii) approximately 18,464 square feet of retail/commercial space, (iii) a school space of approximately 35,000 square feet in size, as acceptable to the Jersey City Board of Education (the "JCBOE"), for use as a first grade, kindergarten and/or pre-kindergarten facility or as the JCBOE shall decide (the "School Space"), which, once constructed by the Entity, will be conveyed to the JCBOE for nominal consideration, (iv) a parking garage containing approximately 416 parking spaces, (v) an open space plaza fronting Christopher Columbus Drive to be constructed and maintained by the Entity for public, passive use/open space (collectively, the "Project"); and

WHEREAS, the Entity shares common ownership with the business entity which owns and operates an existing residential building located at 100 Montgomery Street, Jersey City and identified on the City's tax map as Block 13102, Lot 1.01 (the "Montgomery Street Property"), which is currently restricted for rental to moderate income households; specifically, households which earn 80% or less of area mean income and which qualify as income eligible for such housing under HUD guidelines ("Qualified Affordable Households"); and

WHEREAS, as additional consideration for the City's designation of the Entity as the sole Entity for the Project Premises, the Entity has agreed to (i) replace the windows (for improved acoustical performance and energy efficiency) at the Montgomery Street Property and construct facade improvements to the building as well, at a cost of no less than \$3,000,000, and (ii) compel the owner of the Montgomery Street Property to sign and deliver to the Agency a deed restriction in favor of the Agency, extending the restriction on the use of no less than one-hundred sixty-three (163) of the housing units within the Montgomery Street Property for use by Qualified Affordable Households; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-66, a municipality that has designated a redevelopment area may provide for tax exemption within that redevelopment area and for payments in lieu of taxes in accordance with the provisions of the Long Term Tax Exemption Law of 1992, constituting Chapter 431 of the Pamphlet Laws of 1991 of the State of New Jersey, and the Acts amendatory thereof and supplemental thereto (the "Tax Exemption Law", as codified in N.J.S.A. 40A:12A-1 et seq.); provided, however, that the provisions of section 12 of the Tax Exemption Law (N.J.S.A. 40A:20-12) establishing a minimum or maximum annual service charge and requiring staged increases in annual service charges over the term of the exemption period, and of section 13 of the Tax Exemption Law (N.J.S.A. 40A:20-13) permitting the relinquishment of status under that law, shall not apply to redevelopment projects financed with bonds; and

WHEREAS, pursuant to the Tax Exemption Law, the City is authorized to provide for tax exemption within a redevelopment area and for payments in lieu of taxes in accordance with the applicable provisions thereof; and

WHEREAS, the Entity, as the contract purchaser of the Project Premises, has submitted an application to the City for the approval of Project, as such term is used in the Tax Exemption Law, all in accordance with N.J.S.A. 40A:20-8 (the "Exemption Application", a copy of which is attached hereto as Exhibit A); and

WHEREAS, included in the Exemption Application is a request for a tax exemption and payment in lieu of taxes pursuant to the Tax Exemption Law and the Redevelopment Bond Law; and

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

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

WHEREAS, the City will enter into a Financial Agreement with the Entity, governing payments made to the City in lieu of real estate taxes on the Project pursuant to the Tax Exemption Law (the "Financial Agreement"); and

WHEREAS, to finance certain aspects of the Project, the Jersey City Redevelopment Agency (the "Agency") will issue bonds in an aggregate principal amount of up to \$1,000,000 (the "Redevelopment Area Bonds") pursuant to the Redevelopment Bond Law; and

WHEREAS, debt service for the repayment of which Redevelopment Area Bonds will come from the Pledged Annual Service Charge (as that term is defined in the Financial Agreement attached hereto); and

WHEREAS, the City and the Entity have each agreed that the Base Annual Service Charge (as that term is defined in the Financial Agreement attached hereto), which is not pledged to the payment of debt service on the Redevelopment Area Bonds shall be for the City's use in its sole discretion, and that the County Annual Service Charge (as that term is defined in the Financial Agreement attached hereto), which is also not pledged to the payment of debt service on the Redevelopment Area Bonds shall be paid to the County of Hudson, as required by N.J.S.A. 40A:20-12; and

WHEREAS, the City made the following findings:

In accordance with the Tax Exemption Law, specifically N.J.S.A. 40A:20-11, the City hereby finds and determines that the Financial Agreement is to the direct benefit of the health, welfare and financial well-being of the City and its citizens because the Agreement allows for the development of a blighted site into a productive, useful and job-creating property, and further:

- (a) The current real estate taxes for the Project Premises generate total revenue of approximately \$51,004, whereas the portion of the service charges payable under the Financial Agreement as the "Base Annual Service Charge", as estimated, will generate revenue to the City of \$1,722,776 in the first year;
- (b) The creation of the School Space on site represents an unprecedented partnership to use private sector efficiencies to deliver a public school with no upfront capital outlay from the City, which will offset increasingly urgent infrastructure requirements;
- (c) The Project will enable the preservation and creation of an aggregate of two-hundred (200) moderate income units on site or on the adjacent Montgomery Street Property;
- (d) It is expected that the Project will create approximately 350 new construction jobs and 15 new permanent full time jobs;
- (e) The Project will stabilize and contribute to the economic growth of existing local business and to the creation of new businesses;
- (f) The Project will further the redevelopment objectives of the Block 13102 Redevelopment Plan area, which include the promotion of the principles of smart growth;
- (g) The City's Fiscal Impact Cost Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City;
- (h) The relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance same;
- (i) The relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance in the building over the life of the Project, which will attract occupants to the Project, ensure the likelihood of stabilized rents to tenants and the success of the Project; and
- (j) This Project will have a positive impact on the surrounding area; and
- (k) This Project would not be feasible but for the issuance of a tax exemption.

WHEREAS, in order to set forth the terms and conditions under which the Entity and the City (the "Parties") shall carry out their respective obligations with respect to (a) payment of the Annual Service Charge (as that term is defined in the Financial Agreement attached hereto) by the Entity in lieu of real property taxes, and (b) issuance of the Redevelopment Area Bonds by the Agency and provision for repayment thereof by the Entity (subject to adjustment as provided in the Financial Agreement), the Parties have determined to execute the Financial Agreement; and

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

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

WHEREAS, the Financial Agreement contemplates that the Annual Service Charge will be paid in three (3) categories: (i) the Base Annual Service Charge, to be paid by PH Urban Renewal, LLC to the City for Municipal Services as set forth in the Tax Exemption Law for the City's use in its sole discretion; (ii) the Pledged Annual Service Charge, to be dedicated to debt service on the Redevelopment Area Bonds issued to support certain costs of the Project, pursuant to Redevelopment Bond Law; and (iii) the County Annual Service Charge, to be remitted by the City to the County of Hudson; and

WHEREAS, pursuant to the Redevelopment Bond Law, the City, in the exercise of its power under the Redevelopment Bond Law, may enter into contracts as necessary, for the purpose of securing the Redevelopment Area Bonds to finance the Project; and

WHEREAS, the Redevelopment Bond Law requires the approval of the New Jersey Local Finance Board prior to the issuance of financial instruments such as the Redevelopment Area Bonds where such financial instruments are to be secured by payments in lieu of taxes such as the Pledged Annual Service Charge; and

WHEREAS, the City believes that (a) it is in the public interest for the Entity to undertake the Project; (b) the Project will advance the welfare, convenience and prosperity of the inhabitants of the City; (c) the Project is an efficient and feasible means of providing services for the needs of the inhabitants of the City and will not create an undue financial burden for the City; and

WHEREAS, the City further wishes to approve the execution and delivery of a Pledge and Assignment Agreement with the Agency and/or its bond trustee (the "Pledge Agreement"), which Pledge Agreement will provide for, inter alia, the pledge and assignment of the Pledged Annual Service Charge to the Agency or its bond trustee as security for the payment of debt service on the Redevelopment Area Bonds; and

WHEREAS, the terms of any trust indenture to be entered into by the Agency in connection with the issuance of the Redevelopment Area Bonds will provide terms and provisions relating to the disbursement of proceeds of the Redevelopment Area Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY, IN THE COUNTY OF HUDSON, NEW JERSEY, AS FOLLOWS:

1. The Entity has been designated by the Jersey City Redevelopment Agency to act as the redeveloper for the Project, in accordance with the Redevelopment Plan and the plans and specifications contained in the Exemption Application, subject to the conditions and as more fully set forth in the form of Financial Agreement attached hereto. To the extent of any inconsistency with the definition of the "Project" as contained in the Exemption Application or any Redevelopment Agreement as may be entered into by the City and the Entity, the definition of the Project as contained herein and in the Financial Agreement shall control.
2. The Exemption Application, a copy of which is attached hereto as Exhibit A, is hereby approved in accordance with the Mayor's Recommendation, a copy of which is attached hereto as Exhibit B.
3. The Municipal Council hereby finds and determines that the Financial Agreement is to the direct benefit of the health, welfare and financial well-being of the City and its citizens because it allows for the development of a blighted site into a productive, useful and job-creating property: it will generate revenue to the City of \$1,722,776 in the first

year; it will result in the construction of a new school with no upfront capital outlay from the City and which will offset increasingly urgent infrastructure requirements; the Project will enable the preservation and creation of an aggregate of two-hundred (200) moderate income units on site or on the adjacent Montgomery Street Property and it is expected that the Project will create approximately 350 new construction jobs and 15 new permanent full time jobs. Furthermore, the Municipal Council also finds that this Project would not be feasible but for the issuance of a tax exemption.

4. An exemption from taxation is hereby granted to the Entity, with respect to the Project for the term set forth in the Financial Agreement, but in no event shall the tax exemption commence until the effective date of the Financial Agreement, nor extend beyond the earlier of (i) thirty (30) years from the date of the adoption of this ordinance or (ii) twenty-five (25) years from the Substantial Completion of the Project and only so long as the Project is owned by an entity formed and operating under the Tax Exemption Law. To the extent of any inconsistency with any prior City ordinance and/or Municipal Code provision governing the granting of long-term tax exemptions, including, inter alia, procedures for application, review and approval, required terms of the financial agreement, required conditions and covenants, limits on duration, means of enforcement, and all other matters whatsoever, such prior City ordinances and/or Municipal Code provisions are hereby waived (or, alternatively, shall be deemed to be amended and/or superseded by this ordinance) to the extent of such inconsistency, but only with respect to this Ordinance.
5. The Financial Agreement, in substantially the form attached hereto is approved. The Mayor or Business Administrator are each hereby authorized to execute, on the City's behalf, the Financial Agreement in substantially such form, with such changes as the Corporation Counsel shall determine. The City Clerk is hereby authorized and directed to attest to the execution of the Financial Agreement by the Authorized Officers of the City as determined hereunder and to affix the corporate seal of the City to the Financial Agreement.
6. Pursuant to the provisions of the Redevelopment Bond Law, specifically N.J.S.A. 40A:12A-67(c) and, if applicable, N.J.S.A. 40A:12A-69, the City is hereby authorized to assign, for the benefit of the Agency and/or its bond trustee and as security for the Redevelopment Area Bonds, all of the City's right, title and interest in and to the Pledged Annual Service Charge. The Pledge Agreement, in substantially the form attached hereto, is approved. The Authorized Officers, or either of them, are each hereby authorized to execute and deliver, on behalf of the City, the Pledge Agreement in substantially such form, with such changes as the Authorized Officers shall determine, in consultation with the Corporation Counsel, such determination to be conclusively evidenced by their execution of the Pledge Agreement. The Authorized Officers, or either of them, are each hereby further authorized to execute and deliver, on behalf of the City, such additional instruments as they may deem, in consultation with the Corporation Counsel, to be necessary or appropriate for the purpose of effectuating such assignment. The City Clerk is hereby authorized and directed to attest to the execution of the Pledge Agreement and any such additional instruments by the Authorized Officer(s) of the City as determined hereunder and to affix the corporate seal of the City thereto.
7. Executed copies of the Financial Agreement and the Pledge Agreement shall be certified by the City Clerk and filed with the Office of the City Clerk. The Office of the City Clerk shall also forthwith file certified copies of this ordinance and the Financial Agreement with the Director of the Division of Local Government Services pursuant to N.J.S.A. 40A:20-12.
8. Upon the execution of the Financial Agreement as contemplated herein, the City Clerk is hereby directed to file and record this Ordinance and the Financial Agreement with the Hudson County Register such that the Financial Agreement and this Ordinance shall be reflected upon the land records of the County of Hudson as a lien upon and a covenant running with each and every parcel of land constituting the Parcel. Pursuant to and in accordance with the provisions of the Redevelopment Bond Law, specifically N.J.S.A. 40A:12A-68(c), and notwithstanding any other law to the contrary, upon recordation of both this ordinance and the Financial Agreement, the lien thereof shall be perfected for

all purposes in accordance with law and the lien shall thereafter be superior to all non-municipal liens thereafter recorded or otherwise arising, without any additional notice, recording, filing, continuation filing or action, until payment of all of the Redevelopment Area Bonds.

9. The City Clerk is hereby directed to attest to such execution and to affix the corporate seal of the City to any document, instrument or certificate deemed necessary, desirable or convenient by the Mayor or Business Administration, in consultation with the Corporation Counsel, in furtherance of the execution and delivery of the Financial Agreement and the Pledge Agreement and the consummation of any transactions contemplated thereby.
10. The Project when completed shall conform with all Federal and State law and ordinances and regulations of the City relating to its construction and use.
11. The Entity shall in the operation of the Project comply with all laws so that no person shall, because of race, religious principles, color, national origin or ancestry, be subject to any discrimination.
12. The Entity shall, from the time the Annual Service Charge becomes effective, pay the Annual Service Charge as set forth in the Financial Agreement.
13. All City officers and professionals are hereby authorized to take all necessary and appropriate steps to assist and join with the Entity (i) in connection with the required application to the New Jersey Local Finance Board for approval of the issuance of the Redevelopment Area Bonds (in an aggregate principal amount up to \$1,000,000.00 for the Project) for the funding of a part of the cost of the Project and (ii) in connection with the required application to the Agency for approval of its issuance of said Redevelopment Area Bonds.
14. The Entity shall pay, or cause to be paid, all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this Ordinance.
15. This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.
16. Term: the earlier of 30 years from the adoption of the within Ordinance or 25 years from the date the Project is Substantially Complete.
17. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge equal to the amount in each year the greater of (i) the total taxes (land and pre-existing improvements) levied against all real property in the area covered by Project in the last full tax year in which the Property was subject to taxation, which sum is estimated to be approximately \$51,004; and
 - (b) the Base Annual Service Charge, equal to seven percent (7%) of Annual Gross Revenue estimated to be approximately \$1,722,776 for the first year; and
 - (c) the Pledged Annual Service Charge estimated to be \$79,195; and
 - (d) an Administrative Fee to the City: 2% of the prior year's Base Annual Service Charge or \$34,455; and
 - (e) the County Annual Service Charge: 5% of the Base Annual Service Charge or \$90,099 to be paid by the Entity to the City for remittance by the City to the County of Hudson.
18. Project: (i) a residential tower consisting of up to seven-hundred fifty (750) residential units, of which five percent (5%) of the revenue generating residential units will be deed restricted for a twenty (20) year term for use as housing for moderate income households

(i.e., households which earn 80% or less of area mean income and which qualify as income eligible for such housing under HUD guidelines), (ii) approximately 18,464 square feet of retail/commercial space, (iii) a school space of approximately 35,000 square feet in size, as acceptable to the Jersey City Board of Education (the "JCBOE"), for use as a first grade, kindergarten and/or pre-kindergarten facility or as the JCBOE shall decide (the "School Space"), which, once constructed by the Entity, will be conveyed to the JCBOE for nominal consideration, (iv) a parking garage containing approximately 416 parking spaces, (v) an open space plaza fronting Christopher Columbus Drive to be constructed and maintained by the Entity for public, passive use/open space and (vi) other amenities.

- 19. Affordable Housing Trust Fund: No contribution shall be required in consideration of the creation of the School Space and the preservation and creation of an aggregate of 200 moderate income units on site and on the adjacent Montgomery Street Property. In the event the Entity should voluntarily terminate its tax exemption or take action to cause the affordability control restrictions to expire, prior to the expiration of the Affordable Housing Term, the Entity shall make the Affordable Housing Trust Fund contribution to the City in the amount estimated to be \$1,390,400 as shall be adjusted for inflation, within thirty (30) days of the event triggering this payment.
- 20. An obligation to execute a Project Labor Agreement and a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses. The Entity shall also comply with the requirements of Section 3-76 of the Jersey City Code concerning required wage, benefit and leave standards for building service workers.
- 21. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project begins within two (2) years of the adoption of the within Ordinance.
 - A. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Tax Assessor and Director of the Division of Local Government Services.
 - B. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.
 - C. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
 - D. This Ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
 - E. This Ordinance shall take effect at the time and in the manner provided by law.
 - F. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required
Not Required

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any Ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the Ordinance.

Full Title of Ordinance

AN ORDINANCE APPROVING THE EXECUTION OF A FINANCIAL AGREEMENT WITH PH URBAN RENEWAL LLC AND OTHER APPLICABLE DOCUMENTS RELATED TO THE AUTHORIZATION AND ISSUANCE BY THE JERSEY CITY REDEVELOPMENT AGENCY (JCRA) OF REDEVELOPMENT AREA BONDS (NON-RECOURSE TO THE FULL FAITH AND CREDIT OF THE CITY) NOT TO EXCEED \$1,000,000 AND DETERMINING VARIOUS OTHER MATTERS IN CONNECTION THEREWITH

Initiator

Department/Division	Office of the Mayor	Office of the Deputy Mayor
Name/Title	Marcos D. Vigil	Deputy Mayor
Phone/email	201-547-6542	mvigil@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

The applicant, PH Urban Renewal, LLC, is applying for a 25 Year tax abatement for a 52 story mixed-use, mixed-income rental project with 416 parking spaces and a 35,000 square foot school, pursuant to N.J.S.A. 40A: 21-1 et seq., and N.J.S.A. 40A: 12A-64 et seq. The fee of \$9,500 was paid with the application.

The completed project is a 52 story mixed-use, mixed-income rental project with 416 parking spaces and a 35,000 square foot school.

I certify that all the facts presented herein are accurate.

Marcos D. Vigil
Deputy Mayor

Date

DATE: November 16, 2016

TO: Lee Chang (For distribution to City Council and City Clerk)

FROM: Al Cameron, Fiscal Officer - Tax Collector's Office

SUBJECT: TWENTY- FIVE YEAR TAX ABATEMENT: MIXED – RATE,
MIXED – USE RENTAL PROJECT – PH URBAN RENEWAL, LLC
Block 13102, Lot 1.02

CC: J. Monahan, E. Borja, E. Toloza, M. Vigil, R. Kakoleski, R. Lavarro, P. Leandre,
K. Kane, R. Field

INTRODUCTION:

The applicant, PH Urban Renewal LLC, is applying for a twenty-five (25) year tax abatement pursuant to N.J.S.A. 40A:20-1 et seq. and the Redevelopment Area Bond Financing Law 40A:12A-64 et seq. It will be new construction of a fifty-two (52) story mixed-use, mixed-income rental project. In addition a 35,000 square foot school building will be constructed. The application fee of \$9,500 was paid with the application.

LOCATION OF THE PROPERTY:

The property to be owned by the applicant and affiliates is a full square block bounded by Warren Street, Montgomery Street, Washington, Street and Christopher Columbus Drive. The building Site is currently a paved parking lot. There is a twenty-three (23) story three hundred and eight (308) unit residential rental building on the site known as 100 Montgomery Street and Located at Block 113102 Lot 1.01. It will remain. The project to be built will be known as 25 Christopher Columbus Drive and located on Block 13102 Lot 1.02.

FINANCING PLAN:

The Applicant proposes to finance the project in the approximate amounts using following sources:

- \$127,977,000 Private equity
- \$239,529,000 Construction Loan
- \$1,000,000 Redevelopment Area Bonds issued by the Jersey City Redevelopment Agency.

REDEVELOPMENT AREA BOND:

The applicant has proposed that the Jersey City Redevelopment Agency issue

Redevelopment Area Bonds in the amount of one million dollars (\$1,000,000) to fund certain infrastructure improvements on the site. The Applicant will pledge an additional Annual Service Charge to the City to pay the annual Debt Service estimated to be approximately \$79,195 based upon current underwriting assumptions.

AFFORDABLE HOUSING TRUST FUND:

Thirty-seven (37) of the residential units at the project are affordable to residents earning no more than eighty percent (80%) of the Hudson County median income adjusted for family size.

In addition the Applicant will cause the Owner of Paulus Hook Towers to extend the affordability controls on one hundred sixty-three (163) units at 100 Montgomery Street for twenty (20) years from the date of issuance of the Redevelopment Area Bonds.

Combining the thirty-seven (37) affordable units at 25 Christopher Columbus with the affordable units at 100 Montgomery the fifteen percent (15%) threshold required to waive the AHTF Contribution is reached.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be a fifty-two (52) story mixed-use, mixed-income rental building. The building will contain approximately seven hundred and fifty (750) residential units, 18,464 square feet commercial space and a parking garage with four hundred and sixteen (416) spaces.

The applicant will also construct a school space of 35,000 square feet for use as a first grade, kindergarten and/or pre-kindergarten facility. The school space shall be conveyed to the Jersey City Board of Education for nominal consideration.

The residential units will consist of the following:

<u>Unit Type</u>	<u>Market Rate</u>	<u>Affordable</u>	<u>Total</u>
Studio	149	8	157
One Bedroom	361	19	380
Two Bedroom	188	9	197
Three Bedroom	15	1	16
Total	<u>713</u>	<u>37</u>	<u>750</u>

ESTIMATED TOTAL PROJECT COST:

The cost of construction estimated at \$287,606,250 is certified by David Blakeslee Middleton, the applicant's architect. (Materials \$172,563,750 Labor \$115,042,500) Total Project Cost is projected at \$364,366,213.

CONSTRUCTION SCHEDULE:

The applicant estimates construction will begin in July 2017. Completion is anticipated in January 2020.

ESTIMATED JOBS CREATED:

The applicant estimates creation of three hundred-fifty (350) jobs during Construction. Post-construction jobs of approximately fifteen (15) permanent real estate management and service positions are projected. No estimates of retail or school positions were provided. The applicant will execute both a Project Employment and Contracting Agreement and a Project Labor Agreement.

CURRENT REAL ESTATE TAX:

The current assessment for the land alone is \$662,300. At the current tax rate of \$77.01, the 2016 tax was \$51,003.72. The new assessment for the land is \$7,680,800. The assessment for the improvements will be approximately \$41,783,000 when complete.

The property to be conveyed to the Jersey City Board of education is excluded from the calculation. All taxes are paid through the end of 2016.

PROPOSED ABATEMENT:

The applicant has requested a term of the lesser of thirty (30) years from the date of approval of an ordinance approving the abatement or twenty-five (25) years from substantial completion of the project.

The Applicant proposes a Base Annual Service Charge of seven percent (7%) of Annual gross revenue, in years one (1) through twenty (20). In addition a two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County.

In addition the Applicant will pay a Pledged Annual Service Charge equal to the full amount of the Debt Service required to meet the annual payments on the Redevelopment Area Bonds. The estimated annual pledged amounts will average \$79,195. The applicant will pay a County Fee and but not a City Administration fee on the Pledged ASC. From the First day of the twenty-first (21st.) year the RAB may be retired. If retired, the Pledged Annual Service charge will be zero.

Beginning in year twenty-one (21) through the end of year twenty-five (25) the Base Annual Service charge shall increase to ninety-five percent (95%) of taxes otherwise due. The Applicant proposes that this payment includes both the fee of five percent (5%) to the County and the two percent (2%) administrative fee to the City.

STAGED ADJUSTMENTS:

Staged adjustments are not required under the Redevelopment Area Bond Financing Law. Other than the adjustment in year twenty-one (21) shown above the Applicant proposes no staged adjustments.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Good Faith estimated annual revenue is \$24,611,092. The Basic Annual Service charge at the rate of seven percent (7%) is \$1,772,776. The City Administrative fee at two percent (2%) would be \$34,455 and the Hudson County fee of five percent (5%) would be \$90,099.

While the applicant considers the payment of the Pledged Annual Service Charge of approximately \$80,000 per year a payment to the City the entire amount is to be used to service the Redevelopment Area Bond debt.

The imputed value of the school building is also not included as revenue to the City. The City's financial advisor, NW Financial Group, imputes the annual value of the school building at approximately \$750,000.

FISCAL IMPACT COST PROJECTION: MIXED RATE RENTAL UNITS

Block: 13102 Lot: 1.02 Loc: 25 COLUMBUS DRIVE

Market Rate/Affordable Mixed Income Rentals	Number of Units	Demographic Multipliers*				Annual Expenditures		Total Annual Expenditures		
		Household	Students	Total		Per Capita Municipal	Per Pupil Per School District	Municipal	School District	Total
				Residents	Students					
Studio	149	1.000	0.000	149.00	0.00	\$1,172.97	\$3,673.00	\$174,772.96	\$0.00	\$174,772.96
1 Bedroom	361	1.421	0.050	512.98	18.05	\$1,172.97	\$3,673.00	\$601,712.80	\$66,297.65	\$668,010.45
2 Bedroom	188	2.012	0.120	378.26	22.56	\$1,172.97	\$3,673.00	\$443,684.03	\$82,862.88	\$526,546.91
3 Bedroom	15	2.798	0.560	41.97	8.40	\$1,172.97	\$3,673.00	\$49,229.67	\$30,853.20	\$80,082.87
Studio (Affordable)	8	1.000	0.000	8.00	0.00	\$1,172.97	\$3,673.00	\$9,383.78	\$0.00	\$9,383.78
1 Bedroom (Affordable)	19	1.610	0.140	30.59	2.66	\$1,172.97	\$3,673.00	\$35,881.24	\$9,770.18	\$45,651.42
2 Bedroom (Affordable)	9	2.760	0.620	24.84	5.58	\$1,172.97	\$3,673.00	\$29,136.65	\$20,495.34	\$49,631.99
3 Bedroom (Affordable)	1	3.820	1.270	3.82	1.27	\$1,172.97	\$3,673.00	\$4,480.76	\$4,664.71	\$9,145.47
TOTAL	750			1,149.46	58.52			\$1,348,281.90	\$214,943.96	\$1,563,225.86

1. Total Municipal Ratables	\$6,093,045,337	4. CY 2016 Budget	\$570,918,095	6. Population of Jersey City (2014 Census)	262,146	9. Increase in Services Incurred Per Development	\$1,563,225.86
2. Residential Ratables	\$3,281,646,604			7. Per Capita Municipal Cost	\$1,172.97	10. Anticipated Gross PILOT (1st Year)	
Commercial Ratables	\$1,524,059,780			8. Annual Expenditures Per Student**	\$3,673.00	Annual Service Charge (7% AGR)	\$ 1,772,776.00
3. Residential Ratables as a Percentage of Total Ratables	53.86%	5. Residential Portion	\$307,490,150			2% Admin	\$ 35,455.52
						Less Land Tax (77.01)	\$ (591,498.41)
						Imputed Value of School	\$ 758,425.44
						11. 1st Year Net PILOT	\$ 1,975,158.55
						12. Implied Surplus (Cost)	\$ 411,932.70

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

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 7,680,800
BLDG: 41,783,000

ADDITIONAL PLEDGED SERVICE CHARGE: \$79,195

SERVICE CHARGE VS CONVENTIONAL

*ASSUMING 77.01 TAX RATE WITH 2% ANNUAL INCREASE

PH URBAN RENEWAL

BLOCK 13102
LOT 1.02

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

LAND	7,680,800	COUNTY	5%	EXISTING ASSESSMENT	662,300
BLDG	41,783,000	ADMIN	2%		
TOTAL	49,463,800			PROJECTED SERVICE CHARGE (1ST YEAR)	1,722,776

YEAR	ASC w/ Phase-In Less Land Tax Credit	ASC w/ 2% Annual Increase	ASC w/ 2% Annual Increase & Phase-In	County	Admin	Estimated Conventional Taxes On NEW Assessment	Staged Adj Rate	Conventional Taxes at 51% (Estimated)	Current Taxes On EXISTING Assessment	Land Tax
1	1,131,278	1,722,776	1,722,776	86,139	34,456	3,809,207		1,942,696	51,004	591,498
2	1,153,903	1,757,232	1,757,232	87,862	35,145	3,885,391		1,981,550	52,024	603,328
3	1,176,981	1,792,376	1,792,376	89,619	35,848	3,963,099		2,021,181	53,064	615,395
4	1,200,521	1,828,224	1,828,224	91,411	36,564	4,042,361		2,061,604	54,126	627,703
5	1,224,531	1,864,788	1,864,788	93,239	37,296	4,123,208		2,102,836	55,208	640,257
6	1,249,022	1,902,084	1,902,084	95,104	38,042	4,205,673		2,144,893	56,312	653,062
7	1,274,002	1,940,126	1,940,126	97,006	38,803	4,289,786		2,187,791	57,438	666,123
8	1,299,482	1,978,928	1,978,928	98,946	39,579	4,375,582		2,231,547	58,587	679,446
9	1,325,472	2,018,507	2,018,507	100,925	40,370	4,463,093		2,276,178	59,759	693,035
10	1,351,981	2,058,877	2,058,877	102,944	41,178	4,552,355		2,321,701	60,954	706,895
11	1,379,021	2,100,054	2,100,054	105,003	42,001	4,643,402		2,368,135	62,173	721,033
12	1,406,601	2,142,055	2,142,055	107,103	42,841	4,736,270		2,415,498	63,417	735,454
13	1,434,734	2,184,897	2,184,897	109,245	43,698	4,830,996		2,463,808	64,685	750,163
14	1,463,428	2,228,594	2,228,594	111,430	44,572	4,927,616		2,513,084	65,979	765,166
15	1,492,697	2,273,166	2,273,166	113,658	45,463	5,026,168		2,563,346	67,298	780,470
16	1,522,551	2,318,630	2,318,630	115,931	46,373	5,126,691		2,614,613	68,644	796,079
17	1,553,002	2,365,002	2,365,002	118,250	47,300	5,229,225		2,666,905	70,017	812,001
18	1,584,062	2,412,302	2,412,302	120,615	48,246	5,333,810		2,720,243	71,418	828,241
19	1,615,743	2,460,548	2,460,548	123,027	49,211	5,440,486		2,774,648	72,846	844,805
20	1,648,058	2,509,759	2,509,759	125,488	50,195	5,549,296		2,830,141	74,303	861,701
21	4,498,332	2,559,955	5,377,267	268,863	107,545	5,660,282	95%	2,886,744	75,789	878,936
22	4,588,299	2,611,154	5,484,813	274,241	109,696	5,773,487	95%	2,944,478	77,305	896,514
23	4,680,065	2,663,377	5,594,509	279,725	111,890	5,888,957	95%	3,003,368	78,851	914,445
24	4,773,666	2,716,644	5,706,399	285,320	114,128	6,006,736	95%	3,063,435	80,428	932,733
25	4,869,139	2,770,977	5,820,527	291,026	116,411	6,126,871	95%	3,124,704	82,036	951,388

CONVENTIONAL TAXES AT 95%

TOTAL	50,896,570	55,181,032	69,842,442	3,492,122	1,396,849	122,010,050		62,225,125	1,633,665	18,945,871
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ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
Projected figures subject to rounding discrepancies

Rev. 12/8/16
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
Residential Rental

**RE: 25 Christopher Columbus Drive
Approximately 2 Acres
Block 113102, Lot 1.01
Block 13102 Redevelopment Plan**

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the 1st day of February, 2017 by and between **PH 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 1865 Palmer Avenue, Larchmont, New York 10538 [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 13102, Lot 1.02, more commonly known by the street address of 25 Christopher Columbus Drive, Jersey City, 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 Block 13102 Redevelopment Plan Area; and

WHEREAS; the Entity plans to construct a fifty-two (52) story building containing approximately seven-hundred and fifty (750) residential rental units of which 5% or approximately thirty-seven (37) shall be moderate-income residential rental units and the remaining units (approximately seven-hundred and thirteen (713)) shall be market-rate residential rental units, along with approximately eighteen-thousand four-hundred and sixty-four (18,464) square feet of retail/commercial space and a parking garage containing approximately four-hundred and sixteen (416) parking spaces; [the Project]; and

WHEREAS, the Entity has been designated as the redeveloper of the Property by the Jersey City Redevelopment Agency ("JCRA"), and has entered into a Redeveloper's Agreement with the JCRA dated _____ ("RDA") that commits the Entity to make certain improvements, which are repeated herein; and

WHEREAS, the Entity's obligations and commitments in its RDA shall be incorporated herein by reference; and

WHEREAS, in addition to the residential tower, the Entity shall also construct a school on the Property, approximately thirty-five thousand (35,000) square feet in size, which has been deemed acceptable to the Jersey City Board of Education (the "JCBOE"), for use as a first grade, kindergarten and/or pre-kindergarten facility, or as otherwise determined by the JCBOE, and as more fully described within the Purchase and Sale Agreement between the Entity and the JCBOE (the "School Space"), which, once constructed by the Entity, will be conveyed to the JCBOE for nominal consideration; and,

WHEREAS, the Entity shall also provide for an open space plaza fronting Christopher Columbus Drive to be constructed and maintained by the Entity for passive use by members of the public ("Open Space"); and,

WHEREAS, the Entity has agreed to compel the owner of Paulus Hook Towers (located at 100 Montgomery Street), PH Residential Owner LLC, to (a) provide for no less than three million (\$3 million) in improvements to the building's existing exterior, including a program of window replacement and façade improvements, and (b) to subject Paulus Hook Towers to a twenty (20) year regulatory affordability regime extending the affordable housing restriction on no less than one-hundred sixty-three (163) of the housing units from the date of the issuance of a Redevelopment Area Bond(s) ("RAB" or "Redevelopment Bonds") in connection with this Project ("Affordability Housing Term"); and

WHEREAS, the Entity has made an application to the New Jersey Local Finance Board, in conjunction with the JCRA, for the issuance of redevelopment bonds for public improvements associated with the Project; and

WHEREAS, the Entity has also made application for financing from the NJ Economic Development Agency and is a candidate for Infrastructure Tax Credits, which would support public infrastructure elements of the Project; and

WHEREAS, on November 1, 2016 the Project received site plan approval from the Planning Board; and

WHEREAS, on October 21, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance 16.____ on January 11, 2017, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. The current real estate taxes for the Property generate total revenue of approximately \$51,004, whereas, the service charges payable hereunder "Base Annual Service Charge", as estimated, will generate revenue to the City via an annual service charge of \$1,722,776;
2. The construction of on-site School Space representing a public/partnership to use private sector efficiencies to deliver a public school with no upfront capital outlay to the City or the Jersey City Board of Education (JCBOE) for land or construction costs, which will offset increasingly urgent infrastructure requirements, inclusive of the demand for public school facilities;
3. The preservation and creation of an aggregate of two-hundred (200) moderate income units onsite or on the adjacent property known as Paulus Hook Towers;
4. In consideration of the above two benefits, no contribution to the City's Affordable Housing Trust Fund shall be required of the Entity pursuant to Jersey City Code Section 304-28(B). In the event that the Entity should voluntarily terminate its tax exemption or take action to cause the affordability control restrictions to expire prior the expiration of the Affordable Housing Term, the Entity shall make the Affordable Housing Trust Fund contribution to the City that would ordinarily be required in connection with this Project, in an amount as shall be adjusted for

inflation, within thirty (30) days of the event triggering the payment of the Affordable Housing Contribution (the "Affordable Housing Contribution");

5. The Project will create approximately three hundred and fifty (350) temporary construction jobs, and fifteen (15) new permanent full-time jobs resulting from the new Project and the commercial/retail jobs, not including the jobs to be created from the new School Space.
6. The project will stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
7. The Project will further the objectives of the Block 13102 Redevelopment Plan, and will include the development of vacant, under-used property;
8. 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 attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and
3. have a positive impact on the surrounding area.

WHEREAS, pursuant to N. J. S.A. 40A:12A-66, a municipality that has designated a redevelopment area may provide for tax abatement (exemption) within that redevelopment area and for payments in lieu of taxes in accordance with the provisions of the Long Term Tax Exemption Law; provided, however, that the provisions of section 12 of the Long Term Tax Exemption Law (N.J.S.A. 40A:20-12) establishing a minimum or maximum annual service charge and requiring staged increases in annual service charges

over the term of the exemption period, and of section 13 of the Long Term Tax Exemption Law N.J.S.A. 40A:20-13) permitting the relinquishment of status under that law, shall not apply to redevelopment projects financed with bonds; and

WHEREAS, pursuant to the Redevelopment Law and Redevelopment Area Bond Financing Law, as amended and supplemented, N.J.S.A. 40A:12A-64 et seq. (“RAB Law”), the Project is a redevelopment project in a redevelopment area, within the meaning of such law, and the JCRA has agreed in the RDA to issue Redevelopment Bonds to finance the Project (“Redevelopment Area Bonds”, or “RAB”), which will be paid from and secured by an assignment by the City of the Pledged Annual Service Charges.

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 2015-007, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance 16.____, 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:

- i. Affordability Controls. Means affordability controls and restrictions on rent such that 5% of the Project’s revenue producing rental apartments (approximately thirty-seven (37) units) will be reserved for persons of moderate income (i.e. 80% of area median income as determined by the U.S. Department of Housing and Urban Development (“HUD”) for Hudson County) to be administered by the City or its delegated agent under HUD guidelines.
- ii. Allowable Net Profit- The amount arrived at by applying, on a non-accrual basis, the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c).

iii. Allowable Profit Rate. The greater of (a) 12% or (b) 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 (x) 12% or (y) 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, New Jersey (the "County"). The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iv. Annual Gross Revenue - Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

v. Annual Service Charge - The amount the Entity has agreed to pay the City each year 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. It shall include an annual payment for all annual excess profit.

vi. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual non-accrued Net Profit and annual Excess Profit due to the City, if any. 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.

vii. Base Annual Service Charge. That portion of the Annual Service Charge to be paid by the Entity to the City pursuant to Section 4.1(i) hereof. The Base Annual Service Charge shall not be pledged to pay Redevelopment Bonds.

viii. 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.

ix. County Annual Service Charge. That portion of the Annual Service Charge to be paid by the Entity to the City pursuant to Section 4.1(ii) hereof. The County Annual Service Charge shall not be pledged to pay Redevelopment Bonds.

x. 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.

xi. 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.

xii. Entity - The term Entity within this Agreement shall mean PH Urban Renewal, LLC, which Entity was 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.

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

xiv. 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.

xv. 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.

xvi. 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.

xvii. 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 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance 16.____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xviii. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be the amount in each year equal to the greater of: (a) the aforementioned Land Taxes; or (b) the Base Annual Service Charge equal to seven percent (7%) of Annual Gross Revenue of the Project for the first twenty (20) years of the term and which shall be due twelve (12) months following Substantial Completion of the Project. Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Base Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge.

xix. Net Profit - The Annual Gross Revenues of the Entity less all annual 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 annual 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.

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

xxi. Pledged Annual Service Charge. That portion of the Annual Service Charge to be paid by the Entity pursuant to Section 4.1(iii) hereof. The Pledged Annual Service Charge shall be pledged to pay the Redevelopment Bond(s) ("RAB").

xxii. 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 first date on which the Project receives any Certificate of Occupancy whether temporary or permanent for any portion of the Project, whether or not occupied or leased.

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

xxiv. Total Project Costs. The total cost of constructing the Project through the date a final Certificate(s) of Occupancy is issued for the 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, if applicable.

xxv. Trust Indenture. That certain Indenture of Trust, Bond Agreement, or other similar form of agreement, if any, as may be amended and supplemented, to be entered into by and between the Jersey City Redevelopment Agency (JCRA) and the trustee with respect to the Redevelopment Bonds. As used herein, the term "trustee" shall mean the bond trustee or other person acting in a similar capacity.

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 13102, Lot 1.02, more commonly known by the street address 25 Christopher Columbus Drive, Jersey City, 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 a fifty-two (52) story mixed-use, mixed-income rental building. The building will contain approximately seven hundred and fifty (750) residential units, eighteen-thousand four-hundred and sixty-four (18,464) square feet commercial space and a parking garage with four hundred and sixteen (416) spaces. The applicant will also construct a school space of approximately thirty-five thousand (35,000) square feet for use as a first grade, kindergarten and/or pre-kindergarten facility. The school space shall be conveyed to the Jersey City Board of Education (JCBOE) for nominal consideration; all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Affordability Controls

The Project shall include five percent (5%) of the revenue generating units or thirty-seven (37) units as moderate income affordable housing for the Affordable Housing Term as herein defined, as a material condition of this Agreement. The allocation of the affordable units shall be as provided in attached Schedule 2.

As a material condition of this Financial Agreement, the Entity agrees to conform to the standards for restrictions on rent and tenant eligibility requirements pertaining to the moderate income affordable housing units, as described in Affordability Controls. The Entity agrees as a material condition of this Financial Agreement to cooperate with the administrative agent that the City will assign to administer and enforce this Section, in a manner consistent with HUD requirements.

Section 2.5 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, and in compliance with any Redevelopment Agreement.

Section 2.6 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 used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.7 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 a good faith estimate of 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 2.8 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial rents and other revenue to 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 thirty (30) years from the date of the adoption of Ordinance 16.____ on January 11, 2017, which approved the tax exemption or twenty-five (25) years from the original 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, and in lieu of any real estate taxes and assessment relating to the Improvements, the Entity shall make the following annual payments for the services provided to the Project

i. Base Annual Service Charge: The Entity shall pay to the City the Base Annual Service Charge in an amount equal to 7% of the Annual Gross Revenue for the first twenty (20) years commencing on the first day of the month after Substantial Completion. Beginning on the first day of Year 21 until the last day of Year 25, the Entity shall pay the greater of the Base Annual Service Charge or ninety-five percent (95%) of conventional real estate taxes otherwise due. The Base Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 3 - sub-exhibit tab 13). Thereafter, the Base Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Annual Service Charge: The Entity shall pay to the City the County Annual Service Charge, which shall be due on the same dates upon which the Base Annual Service Charges are due and shall be in the amount of five percent (5%) of the sum of the Base Annual Service Charge, each as adjusted pursuant to the terms hereof.

iii. Pledged Annual Service Charge: For so long as Redevelopment Bonds are outstanding and secured by the Pledged Annual Service Charge, the Entity shall pay to the City the Pledged Annual Service Charge in the amounts set forth in Schedule 1 attached

hereto. The Pledged Annual Service Charge shall be adjusted, at the direction of the Entity, to reflect any redemption, refunding, prepayment or other change in the debt service requirements with respect to the Redevelopment Bonds. The Pledged Annual Service Charge shall terminate at such time as Redevelopment Bonds are no longer outstanding or no longer secured by the Pledged Annual Service Charge.

As security for the Redevelopment Bonds, the City agrees to and hereby assigns all of their interest in each Pledged Annual Service Charge to the trustee under the Trust Indenture to pay, and secure the payment of the Redevelopment Bonds. The City's pledge of the Pledged Annual Service Charge shall be absolute. The Pledged Annual Service Charge shall not be included in the general funds of the City. The City's obligation to pay the Pledged Annual Service Charge to the trustee shall be a limited obligation of the City, payable by it only to the extent of payments of Pledged Annual Service Charges received from the Entity, and shall not constitute a general obligation of the City. The City and the Entity shall each take such further actions as may be reasonably requested to effectuate the issuance of the Redevelopment Bonds and the transactions contemplated thereby.

iv. The Minimum Annual Service Charge shall be due beginning on the effective date of this Agreement. Beginning on the first day of the month after Substantial Completion, the Minimum Annual Service Charge set forth in Section 1.2(xviii)(b) shall be due in any year where it exceeds the Base Annual Service Charge. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Base 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.

Section 4.2 Staged Adjustments

Pursuant to the Redevelopment Area Bond (RAB) Law, N.J.S.A. 40A:12A-66), service charges payable hereunder shall not be adjusted in stages over the term of the tax exemption period in accordance with the Long Term Tax Exemption Law, N.J.S.A. 40A:20-12. This exemption to the requirement for staged adjustments shall not affect the calculation of the Base Annual Service Charge as defined in Section 4.1(i).

Section 4.3 Land Tax

The Entity is required to pay both the Base Annual Service Charge beginning upon the first day of the month after Substantial Completion and the pro-rated Land Taxes beginning on the Effective Date of this Agreement. 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 Base 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 Base Annual Service Charge. The initial Land Tax Credit shall be given no earlier than twelve (12) months following Substantial Completion. The Entity shall not be entitled to a refund if the Land Tax credit exceeds the Base Annual Service Charge in any year and shall forfeit that sum. Land Tax Payments shall not be credited against Pledged Annual Services 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 credit against the Base Annual Service Charge until the Land Taxes are paid in full. No credit will be applied against the Base Annual Service Charge for a partial payment of Land Taxes until they are paid in full. 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 / Interest

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 ninety (90) after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, 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 in full.

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 Base 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.

Section 4.6 Affordable Housing Contribution

No contribution to the City's Affordable Housing Trust Fund shall be required of the Entity pursuant to Ordinance 15-108 as long as the Entity shall, by a recorded deed or agreement, restrict (thereby set aside) two-hundred (200) apartments in the aggregate in the Project or at the adjacent property, located at 100 Montgomery Street, better known as Paulus Hook Towers, for moderate income affordable housing for the length of the Affordable Housing Term. In the event that the Entity should voluntarily terminate its tax exemption or take action to cause the restriction to expire prior to the end of the Affordable Housing Term, the Entity shall make a contribution to the City estimated to be \$1,390,400 as shall be adjusted for inflation, within thirty (30) days of termination.

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 Annual Net Profits and any adjustments thereto, Administrative Fees, and any interest thereon, Affordability Controls, and Affordable Housing Contributions (if any) 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.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

The Entity or its designee shall execute a Project Labor Agreement (PLA) as required by Ordinance 07-123 as it exists or as it may be amended from time to time. A copy of the fully executed Project Labor Agreement shall be provided to the City within fourteen (14) days of the Entity's receipt of a fully and unconditionally execution of the Project Labor Agreement by all

applicable parties.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

The Entity also agrees to comply, and the extent applicable, require the tenants to comply, with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required wage, benefit and leave standards for building service workers. All janitors and unarmed security guards employed at the Projects by the Entity or any of its agents, including by any and all tenants or subtenants of the developer, shall not be paid less than the standard hourly rate of pay and benefits for their respective classifications and shall be provided with paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1) (collectively the "Compensation Standards"). All leases executed by the Entity, as landlords, shall set forth a requirement that such tenant is required to comply with the Compensation Standards.

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 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial

Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

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. 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 to the New Jersey 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, gross revenue, 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, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. 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. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

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 or the New Jersey Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such 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 for any year during which the tax exemption financial agreement was in full force and effect.

Section 7.3 Payment of Audit

All costs incurred by the City to conduct a review of the Entity's audits, 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 to be calculated annually.

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 Annual 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 percent (5%) of the preceding year's Annual Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the

year, shall pay such excess Net Profits to the City as an additional annual 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 xxiv 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 balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

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 are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the Entity.

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 Transfer Application 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 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 2015-007, 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.

The City agrees that it shall simultaneously provide a copy of any Default Notice to all of the Entity's mortgagees, provided the City is sent a formal written notice in accordance with this Agreement, of the names and addresses of the Entity's Mortgagee(s). Said mortgagee(s) shall have the right to cure any default by the Entity of its obligations under this Agreement for a period of time equal to the amount of time the Entity has to cure such default under this Section 11.2 plus thirty (30) days.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the consent of the City, 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. In order to secure the full and timely payment of the Annual Service Charge, the City on its own behalf, or on behalf of the Jersey City Redevelopment Agency (JCRA) and/or the Trustee, reserves the right to prosecute an In Rem Tax Foreclosure action against the Project Area in accordance with Applicable Law, as more fully set forth in this Financial Agreement.

In addition, the City 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; failure to maintain affordability controls or the status of the restriction on the moderate income affordable housing units which qualifies the Entity for an exemption therefrom, 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 herein. 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, failure to maintain Affordability Controls, or the status of the restriction on the moderate income affordable housing units which qualifies the Entity for an exemption therefrom. 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, failure maintain Affordability Controls, or the status of the restriction on the moderate income affordable housing units which qualifies the Entity for an exemption therefrom, 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 sixty (60) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

Except for so long as Redevelopment Bonds are outstanding and secured by the Pledged Annual Service Charge (during which period the Entity shall not relinquish its

status as a tax exempt project), the Entity may notify the City that it will relinquish its status as a tax exempt project, after the expiration of one year from the Substantial Completion of the Project, as of the January 1 of the year next ensuing. The Entity's failure to maintain Affordability Controls in Section 2.3.1 for the Affordable Housing Term will be treated as an event of Voluntary Termination and the Entity shall pay the City the Affordable Housing Contribution, to be collected in accordance with Section 11.3 of this Agreement. The Notice of Voluntary Termination must be received by the City no later than October of the tax year preceding the calendar year in which the termination is to occur. 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, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution, should same be required.

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 remaining 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 by the Entity. 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 Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of taxes otherwise due, pursuant to Section 4.2 and N.J.S.A. 40A:20-12, the City may, at its sole discretion, if it is in the City's best economic interests, allow the filing of an appeal of the conventional assessment to determine the value of land and improvements.

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 the City's right to audit or recover 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), arising out of this 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:

PH Urban Renewal, LLC
1865 Palmer Avenue, Suite 203
Larchmont, New York 10538
Attention: Ron Moelis & Jeffrey Feldman, 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:

- Schedule 1: Annual Service Charge Schedule;
- Schedule 2: Project's allocation of affordable units;
- 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 Rents and other revenue;
- 8. Project Employment and Contracting Agreement;
- 9. Architect's Certification of Actual Construction Costs.
- 10. Entity's Deed.

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

WITNESS:

PH URBAN RENEWAL, LLC

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ___ day of ____, 2016, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **PH URBAN RENEWAL, LLC** [Recipient], having its principal office at 1865 Palmer Avenue, Suite 203, Larchmont, NY 10538.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings 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 an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
4. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council
5. "Employment" 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.
6. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
7. "Local Business" means a bona fide business located in Jersey City.
8. "Minority" means a person who is defined as such under federal or state law.
9. "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 woman.
10. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor and Workforce

Development, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.

11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
12. "Project or Project Site" means the specific work location or locations specified in the contract.
13. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration presently, the Executive Director of the Jersey City Employment & Training Program, Inc., 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 Coordinator. The Coordinator may refer a developer to the JCEPT or its one-stop career center so long as the City and JCEPT agreement is in full force and effect.
14. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
15. 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.
16. "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.
17. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "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.
20. "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: Business Contracting and Permanent Jobs

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.

Because this project is subject to the terms of a Project Labor Agreement during construction, this agreement shall apply only to Business Contracting and non-construction Permanent Jobs.

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 shall only be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. All other Recipients must comply with the following Good Faith goals.

1. **Employment:** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, 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 fifty-one (51%) percent 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 & Contracting Officer.

The Recipient shall send a letter designating its "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 1. This 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 2.

V. 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 30 years from the date of the adoption of that Ordinance or 25 years from the date of Substantial Completion of the Project.

VI. Good Faith Defined:

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

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this 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.

B. 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 3.

C. 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 1.A.(i)-(vi) and notify the City.

D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.

- E. 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 4.
- F. 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 DEO and the JCEPT 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 referral of qualified applicants to the Recipient.
- G. 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 DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- J. 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.
- K. 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 any reports.
- L. 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.

M. 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.

2. **Business Contracting**

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

i) Solicitation of Businesses:

- a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
- b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
- 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 DEO and the JCEPT 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 referral of 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 DEO with a copy of this advertisement.
- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- 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 any 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.

B. 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 Project Employment and Contracting Monitor of a Recipient, using the mashead 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.

3. **Commercial Tenants at the Project Site**

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

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.
- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

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 7 days to correct the violation.

2. **Violation Notice:** If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall 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.
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.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

VIII. Liquidated Damages:

1. 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 cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:
 - A. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

IX. 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:

PH Urban Renewal, LLC
1865 Palmer Avenue, Suite 203
Larchmont, NY 10538
Att: Jonathan Cortell

and

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

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

X. Appendix

These forms are examples only and shall be in substantially the form attached, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

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 this 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.

In the event there are any conflicts between this Agreement and any Project Labor Agreement, then as it pertains to construction jobs covered by the PLA, the Project Labor Agreement shall govern. Wherever possible, this Agreement shall be interpreted consistently with the Project Labor Agreement.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

PH URBAN RENEWAL, LLC

Secretary

Jonathan Cortell, President