FINANCIAL AGREEMENT FOR LONG TERM TAX EXEMPTION

by and between

TOWN OF MORRISTOWN

and

35-41 MARKET STREET URBAN RENEWAL LLC

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THIS FINANCIAL AGREEMENT is made as of this ______ day of January, 2018 (hereinafter this "Agreement" or "Financial Agreement") between **35-41 Market Street Urban Renewal LLC**, a New Jersey urban renewal limited liability company having its principal address c/o Vertical Realty Capital LLC, 225 Millburn Avenue, Suite 101, Millburn, New Jersey 07041 (the "Entity"); and the **Town of Morristown**, a public body corporate with offices located at 200 South Street, Morristown, New Jersey 07963 (the "Town"; and together with the Entity, the "Parties" or "Party").

WITNESSETH:

WHEREAS, the Governing Body of the Town of Morristown (the "Governing Body") has identified certain properties in the Town designated as Block 6001, Lots 13 and 14, and Block 6002, Lot 1 as shown on the official Tax Map of the Town of Morristown (collectively, the "Redevelopment Area") to be considered for designation as a non-condemnation "area in need of redevelopment" under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "Redevelopment Law"); and

WHEREAS, under Resolution R-63-2014, the Governing Body directed the Planning Board of the Town of Morristown (the "Planning Board") to conduct a preliminary investigation to determine whether the Redevelopment area, or any portions thereof, constitute a non-condemnation "area in need of redevelopment" according to the criteria set forth in N.J.S.A. 40A:12A-5; and

WHEREAS, the Governing Body, under Resolution R-63-2014, further directed the Planning Board to develop a map reflecting the boundaries of the Property to be included within the proposed redevelopment area, to conduct a public hearing pursuant to N.J.S.A. 40A:12A-6, and to draft a report/resolution to the Mayor and Governing Body containing its findings; and

WHEREAS, on May 6, 2014, the Planning Board adopted a Resolution directing that an investigation and study be prepared to determine whether the Redevelopment Area, or any portions thereof, constitute a non-condemnation "area in need of redevelopment" under the Redevelopment Law; and

WHEREAS, pursuant to the Planning Board's May 6, 2014 Resolution a preliminary investigation/report entitled "Town of Morristown, Preliminary Investigation, Block 6001, Lots 13-14, Block 6002, Lot 1," dated June 16, 2014, was prepared by Topology in collaboration with Mikesell & Associates (the "Preliminary Investigation"); and

WHEREAS, on June 26, 2014, the Planning Board held a public hearing during which any persons interested in or affected by a determination that the Redevelopment Area is a non-condemnation "area in need of redevelopment" were given the opportunity to be heard, and any objections to such a determination and evidence in support of those objections, were received and considered and made part of the public record; and

WHEREAS, the Planning Board concurred and agreed with the reasons stated in the Preliminary Investigation that the Redevelopment Area constitutes and meets the criteria under the Redevelopment Law supporting the recommendation that the Property be determined a non-condemnation "area in need of redevelopment"; and

WHEREAS, on June 26, 2014, the Planning Board adopted a Resolution recommending that Block 6001, Lots 13 and 14, and Block 6002, Lot 1 as shown on the official Tax Map of the Town of Morristown be determined by the Governing Body to be a non-condemnation "area in need of redevelopment" under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq.; and

WHEREAS, the Governing Body concurred and agreed with Planning Board's recommendation as supported by the reasons stated in the Preliminary Investigation that the Redevelopment Area constitutes and meets the criteria under the Redevelopment Law, and determined and declared that the Redevelopment Area constitute a non-condemnation "area in need of redevelopment" in Resolution R-116-2014; and

WHEREAS, on May 14, 2015 and after conducting the requisite hearings therefor, the Governing Body adopted Ordinance O-4-2015 and the Market & Bank Redevelopment Plan prepared by Philip A. Abramson, P.P., for the Redevelopment Area in accordance with the provisions of the Redevelopment Law, which Market & Bank Redevelopment Plan was amended pursuant to Ordinance O-18-2016, adopted on July 14, 2016, and the amended Market & Bank Redevelopment Plan, prepared by Philip A. Abramson, P.P., dated April 14, 2016 (the "Redevelopment Plan"); and

WHEREAS, the Governing Body, on October 13, 2016, adopted Resolution R-173-2016 (a) recognizing the 35-41 Market Street JV LLC, a New Jersey limited liability company, being an Affiliate of the Entity and the fee owner of the Project Premises, as the redeveloper (the "Redeveloper") of the parcel of property along Bank and Market Streets contained within the Redevelopment Area commonly known as 35-37 and 41 Market Street (Block 6001, Lots 13 and 14) containing approximately .321 acres (collectively, the "Project Premises"), and (b) authorizing the Town to enter into the Redevelopment Agreement with the Redeveloper, dated October 28, 2016, subject to certain conditions stated therein and in the such Resolution (the "Redevelopment Agreement"); and

WHEREAS, in accordance with the Redevelopment Agreement, the Entity applied to the Planning Board for preliminary and final site plan approval with related variances, deviations, and/or design waivers to permit the construction and operation on the Project Premises of a building containing up to fifty four (54) residential units and approximately nineteen thousand (19,000) square feet of restaurant/retail space on the ground level and the right to use up to seventy (70) off-site, off-street parking spaces made available for use by the residential occupants and visitors of the Project Premises (via an Parking License Agreement by and between Vertical Realty Capital, LLC and the Morristown Parking Authority, dated February 16, 2015 (the "Parking Agreement") and other related on-site and off-site improvements that would be developed and constructed by the Redeveloper (the "Project"); and

WHEREAS, on August 24, 2017, the Planning Board approved the Project pursuant to Resolution No. 17-05 (the "Planning Board Resolution"), attached hereto and made a part hereof as **Exhibit F** (as approved in such Resolution together with any and all affordable housing obligations of the Redeveloper set forth in the Redevelopment Agreement, collectively, the "Project").

WHEREAS, the Redeveloper has formed the Entity, pursuant to the Exemption Law, (as hereinafter defined) and the Redevelopment Agreement to own, develop and operate the Project; and

WHEREAS, the Entity was formed pursuant to the Exemption Law (as defined herein), to own and develop the Project; and

WHEREAS, the Entity applied to the Governing Body for a long term tax exemption pursuant to the Exemption Law with respect to the Project pursuant to the application annexed hereto as **Exhibit A** (the "Application"); and

WHEREAS, by Resolution R-173-2017, dated December 5, 2017, the Governing Body approved the Entity's Application; and thereafter by Ordinance O-28-2017, dated December 20, 2017 (the "Ordinance"), a copy of which Ordinance is annexed hereto as **Exhibit B**, the Governing Body granted the long term tax exemption requested by the Entity, subject to the terms and conditions of this Financial Agreement; and

WHEREAS, pursuant to this Financial Agreement, the Town and the Entity desire to set forth in detail their mutual rights and obligations with respect to the long term tax exemption applicable to the Project; and

WHEREAS, the Governing Body has reviewed the Application and has made the following findings:

A. **Benefits of Project v. Costs.**

i. The total real estate tax revenue for the Tax Year 2016 received by the Town from those parcels of property upon which the Project is anticipated to be constructed was approximately $70,297.50.

ii. The development and construction of the Project, including infrastructure improvements as set forth in the Redevelopment Agreement and Redevelopment Plan will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Redevelopment Area and will enhance the economic development of the Town.

iii. It is anticipated that the Project will create a substantial number of full-time equivalent construction jobs over the duration of the construction of the Project, as well as other job opportunities after the completion of same.

iv. Pursuant to this Financial Agreement, the Project is projected to generate revenue for the Town well in excess of the revenue generated by the existing ad valorem taxes received in Tax Year 2016. The Town's authorized officers and employees have determined that the benefits to the Town accruing as a result of the Project will substantially outweigh the costs to the Town resulting from the long term tax exemption granted herein.

B. **Importance of Long Term Tax Exemption.**

The Governing Body's approval of the long term tax exemption set forth herein is essential to the success of this Project because:

i. The relative stability and predictability of the Annual Service Charge associated with the Project will make it more attractive to financial institutions whose participation is necessary in order to finance the Project. Without a long-term tax exemption for the Project, it will not be financially viable.

ii. The relative stability and predictability of the Annual Service Charge will allow the Entity to provide a high level of maintenance for the Project and will have a positive impact on the surrounding area and community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the Parties to this Financial Agreement mutually covenant and agree as follows:

ARTICLE I – GENERAL PROVISIONS

Section 1.1 Governing Law

This Financial Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., as amended and supplemented (the "Exemption Law"), the Redevelopment Law, the Ordinance which authorizes this Financial Agreement and all other Applicable Laws. It is expressly understood and agreed that the Town relied upon the facts, data, and representations contained in the Application in its granting of the Long Term Tax Exemption, and the Application is hereby incorporated into this Financial Agreement by reference.

Section 1.2 General Definitions

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

i. **Administrative Fee** – The annual fee paid to the Town by the Entity, as set forth in Section 4.4 of this Financial Agreement.

ii. **Allowable Net Profit (also referred to as "ANP")** – The amount arrived at by multiplying the Allowable Profit Rate by the Total Project Cost pursuant to the Exemption Law (N.J.S.A. 40A:20-3(c)).

iii. **<u>Allowable Profit Rate</u> (also referred to as the "APR")** – The greater of twelve (12%) percent or the percentage per annum arrived at by adding one and one-quarter (1.25%) percent to the annual interest percentage rate payable on the Entity's permanent mortgage financing for the Project. If the initial permanent mortgage is insured or guaranteed by a Governmental Agency, the mortgage insurance premium or similar charge 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 APR shall be the greater of twelve (12%) percent or the percentage per annum arrived at by adding one and one-quarter (1.25%) percent to the prevailing per annum interest rate on mortgage financing on comparable mixed-use projects within Morris County. The provisions of <u>N.J.S.A.</u> 40A:20-3(b) are incorporated herein by reference.

iv. **<u>Annual Audited Statement</u>** – Shall mean a complete financial statement outlining the financial status of the Project, which shall also include a computation of the Total Project Cost, Net Profit, and Annual Gross Revenue, prepared annually by the Entity's certified public accountant. The contents of each Annual Audited Statement shall be prepared in conformity with Generally Accepted Accounting Principles and this Financial Agreement.

v. **<u>Annual Gross Revenue</u> (also referred to as the "AGR")** – Annual gross revenue for the Project, as determined pursuant to the Exemption Law and the terms of this Financial Agreement.

vi. **<u>Annual Service Charge</u> (also referred to as the "ASC")** – The total annual amount that the Entity has agreed to pay the Town for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements pursuant to the Exemption Law (<u>N.J.S.A.</u> 40A:20-12). The Annual Service Charge shall be calculated pursuant to Article IV hereof.

vii. **<u>Applicable Law</u>** – Shall mean any and all federal, state and local laws, rules, regulations, rulings, court orders, statutes and ordinances applicable to the Project, the Project Premises and the Long Term Tax Exemption.

viii. **<u>Application</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

ix. **<u>ASC Commencement Date</u>** – The date of issuance of a Certificate of Occupancy for the Project.

x. **<u>Certificate of Occupancy</u>** – A temporary or permanent certificate of occupancy issued by the appropriate Town official, pursuant to <u>N.J.S.A.</u> 52:27D-133, authorizing the occupancy of a building or any portion thereof.

xi. **<u>Certificate of Completion</u>** – A written certificate issued by the Town, pursuant to the Redevelopment Agreement, acknowledging that the Entity has performed all of its duties and obligations pursuant to the Redevelopment Agreement, the Redevelopment Plan and the Planning Board resolution with regard to the Project, and the issuance of which shall release the Project, and the Project Premises, from the obligations, liabilities and covenants and restrictions contained in the Redevelopment Agreement, the Redevelopment Plan and Applicable Law.

xii. <u>**Days**</u> – Whenever the word "Days" is used to denote time, it shall mean calendar days.

xiii. <u>**Debt Service**</u> – 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 the Exemption Term.

xiv. <u>**Default**</u> – A breach or failure of the Entity (or any affiliate of the Entity) to perform any obligation imposed upon the Entity (or any affiliate of the Entity) by the terms of this Financial Agreement, the Redevelopment Agreement or under the Exemption Law, beyond any applicable grace or cure periods set forth in this Financial Agreement, the Redevelopment Agreement or the Parking Agreement as the case may be. A Default shall also include, but not be limited to, a breach or failure of the Entity (or any affiliate of the Entity) to continue to keep the Parking Agreement in full force and effect to the extent such termination of the Parking Agreement is due to the acts or omissions of the Entity (or any affiliate of the Entity).

xv. <u>**Effective Date**</u> – The Date of this Financial Agreement.

xvi. <u>**Entity**</u> – Shall mean the entity specified in the preamble of this Financial Agreement, which shall be formed and qualified as an urban renewal entity under the Exemption Law (<u>N.J.S.A.</u> 40A:20-5). Unless the context provides otherwise, it shall also include any Transferee, provided they are formed and operate under the Exemption Law.

xvii. <u>**Excess Net Profits**</u> – The amount of Net Profits that exceeds the Allowable Net Profits (ANP) for the applicable accounting period as determined in accordance with the Exemption Law.

xviii. <u>**Exemption Law**</u> – Shall have the meaning specified in Section 1.1 of this Financial Agreement.

xix. <u>**Exemption Term**</u> – The period beginning on the ASC Commencement Date and ending on the Termination Date.

xx. <u>**Financial Agreement**</u> – Shall have the meaning specified in the preamble hereof.

xxi. **<u>Financial/Fiscal Plan</u>** – The statement attached and annexed hereto as **<u>Exhibit C</u>**, which outlines the proposed sources of funding and capital contributions for the Project.

xxii. **<u>Governing Body</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

xxiii. **<u>Improvements</u>** – Shall mean any building, structure or fixture permanently affixed to the Project Premises to be constructed and tax exempted under this Financial Agreement.

xxiv. **<u>Land Taxes</u>** – Shall mean the amount of real estate taxes levied on the value of the Project Premises, exclusive of any Improvements related thereto. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge as provided under the Exemption Law.

xxv. **<u>Land Tax Payments</u>** – Quarterly payments made on the due dates, including approved grace periods, if any, for the Land Taxes as determined by the Tax Assessor, the Tax Collector and/or Applicable Law.

xxvi. **<u>Long Term Tax Exemption</u>** – The long term tax exemption granted in accordance with the Exemption Law pursuant to this Financial Agreement.

xxvii. **<u>Minimum Annual Service Charge</u>** – The amount of the total land and improvement taxes levied against the Project Premises in the last full tax year in which the Project Premises was subject to taxation. The Parties acknowledge and agree that the total land and improvements taxes levied against the Project Premises in the last full tax year in which the Project Premises was subject to taxation was $70,297.50. The Minimum Annual Service Charge shall be paid in each year in which the Annual Service Charge, calculated pursuant to <u>N.J.S.A.</u> 40A:20-12 or this Financial Agreement, would be less than the Minimum Annual Service Charge.

xxviii. **<u>Net Profit</u>** – Annual Gross Revenue (AGR) less all operating and non-operating expenses and costs of the Entity, all determined in accordance with Generally Accepted Accounting Principles and the provisions of the Exemption Law; where such operating and non-operating expenses and costs shall include but not be limited to the Debt Service and an annual amount sufficient to amortize (utilizing straight line methodology), the Total Project Cost over the life of the long term tax exemption granted herein but shall exclude depreciation and obsolescence, income taxes, and salaries, bonuses and other compensation paid to directors, officers and stockholders of the Entity as set forth in the Exemption Law.

xxix. **<u>Ordinance</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

xxx. **<u>Party or Parties</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

xxxi. **<u>Planning Board Resolution</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

xxxii. **<u>Project</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

xxxiii. **<u>Project Premises</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

xxxiv. **<u>Redevelopment Agreement</u>** – Shall have the meaning specified in the preamble of this Financial Agreement.

xxxv. **<u>Redevelopment Plan</u>** – Shall have the meaning defined in the preamble of this Financial Agreement.

xxxvi. **<u>Redevelopment Area</u>** – Shall have the meaning defined in the preamble of this Financial Agreement.

xxxvii. **<u>Redevelopment Area Bond Financing Law</u>** – The Redevelopment Area Bond Financing Law, <u>N.J.S.A</u>. 40A:12A-64 <u>et seq.</u>, as amended and supplemented.

xxxviii. **<u>Redevelopment Law</u>** – Shall have the meaning defined in the preamble of this Financial Agreement.

xxxix. **<u>Rental Units</u>** – Shall mean the a unit of space within the Project designed to be used as residence or commercial space in accordance with the Redevelopment Plan and made available for rent to the public.

xl. **<u>Reserve</u>** – Shall have the meaning defined in Section 6.2 of this Financial Agreement.

xli. **<u>Substantial Completion</u>** – The determination by the Town 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.

xlii. **<u>Tenant</u>** – Any tenant of the Rental Units.

xliii. **<u>Termination Date</u>** – The earlier to occur of (i) the thirty-fifth (35^{th}) anniversary of the Effective Date; (ii) the thirtieth (30^{th}) anniversary date of the ASC Commencement Date; or (iii) such other date as this Financial Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law. On the Termination Date the Entity shall relinquish its tax exemption.

xliv. **Total Project Cost (also referred to as "TPC")** – The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be included in Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title. Total Project Cost shall also include acquisition, expenses, costs and all soft costs including engineering, architectural, legal and expediting fees and expenses associated with acquisition and approvals on the Project. The Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

xlv. **Transfer** – Shall have the meaning specified in Section 8.1 of this Financial Agreement.

xlvi. **Transferee** – Shall have the meaning specified in Section 8.1 of this Financial Agreement.

ARTICLE II – PROJECT AND PROJECT PREMISES

Section 2.1 Town's Findings

Pursuant to the Exemption Law, the Town finds that the Long Term Tax Exemption granted pursuant to this Financial Agreement will benefit the Town and the community by assuring the success of the redevelopment of the Redevelopment Area, which has exhibited the statutorily recognized redevelopment criteria for several years. The benefits of granting the Long Term Tax Exemption will substantially outweigh the costs, if any, associated with the Long Term Tax Exemption. The Long Term Tax Exemption is important to the Town, the Entity and the tenants because without the incentive of the Long Term Tax Exemption, it is unlikely that the Project or the Project would be undertaken. The Long Term Tax Exemption is expected to attract future occupants to the Project and it will help to offset the extraordinary costs of developing and constructing the Project. The high costs associated with the development and construction of the Project and the real estate taxes that would otherwise be levied upon the Project would operate as a disincentive to the redevelopment of the Redevelopment Area, and would therefore frustrate the objectives and goals of the Redevelopment Plan and would make the Project materially less competitive in the marketplace.

Section 2.2 Approval of Financial Agreement

The Town hereby approves the Long Term Tax Exemption for the Project, which is to be constructed on the Project Premises and maintained in good order by the Entity in accordance with the terms and conditions set forth herein and the provisions of the Exemption Law, the

Redevelopment Law, the Redevelopment Plan and the Ordinance which authorizes this Financial Agreement and all other Applicable Laws.

Section 2.3 Approval of the Entity

The Town hereby approves of the Entity based on the Entity's representation that its Certificate of Formation attached as Exhibit J to the Application (attached hereto as **Exhibit A**) contains all the requisite provisions of law, has been reviewed and approved by the Commissioner of the Department of Community Affairs, and has been filed with, as appropriate, the Department of Treasury or Office of the Morris County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.4 Redevelopment of the Project Premises

The Entity represents that it will develop and construct the Project in accordance with the terms of the Redevelopment Agreement, the Planning Board Resolution and the Redevelopment Plan.

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 D**.

Section 2.6 Entity's Relationship to the Project Premises

The Entity represents and warrants that (i) it is an affiliate of 35-41 Market Street JV LLC, and Vertical Realty Capital, LLC; and (ii) the Entity is the fee simple owner of the Project Premises or will acquire fee simple ownership of the Project Premises from 35-41 Market Street JV LLC prior to issuance of any demolition permit or building permit for the Project.

ARTICLE III – OWNERSHIP, MANAGEMENT AND CONTROL

Section 3.1 Entity's Representation

The Entity represents that, after the Entity acquires fee title to the Project Premises, it shall remain the fee simple owner of record of the Project Premises throughout the development and construction of same, subject to its right of Transfer in accordance with Section 8.1 hereof.

Section 3.2 Financial/Fiscal Plan

Attached and annexed hereto as **Exhibit C** is a copy of the Financial/Fiscal Plan for the Project. The Financial Plan sets forth (a) the estimated Total Project Cost, (b) the anticipated source of funds for the construction of the Project, (c) the anticipated interest rate to be paid and the amounts representing capital investment, and (d) the term of any mortgage amortization. The Parties hereto acknowledge and agree that the Entity reserves the right to modify and/or amend the Financial Plan in any reasonable manner allowed in accordance with the Redevelopment Agreement.

Section 3.3 Projected Annual Gross Revenue and Annual Service Charge

The Entity sets forth in **Exhibit E** attached and annexed hereto (a) its good faith projections of the rental price and lease term of the Rental Units to a Tenant, and (b) the method of computing Annual Gross Revenue for the Entity and the Annual Service Charge ***[Redeveloper to provide]***.

Section 3.4 Maintenance of the Project and Project Premises

If requested by the Town and/or the Planning Board, the Entity shall enter into a contract(s) or easement(s) with the Town in a reasonable form mutually agreed upon by the Town and the Entity memorializing the Entity's ongoing maintenance and repair of the Project and Project Premises, at the Entity's sole cost and expense, and ensuring public access to and the Entity's ongoing maintenance and repair of the public improvements as required by the Redevelopment Agreement along the frontage/adjacent rights of way of the Project Premises.

ARTICLE IV – TAX EXEMPTION

Section 4.1 Duration of Tax Exemption

The Improvements proposed for development and construction within and upon the Project Premises shall be exempt from taxation during the Exemption Term. So long as there is compliance with the Exemption Law and this Financial Agreement, it is understood and agreed by the Parties hereto that this Financial Agreement shall remain in effect until the Termination Date as defined herein, at which time the Entity shall relinquish its tax exemption. 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 Exemption Law.

Section 4.2 Calculation of Annual Service Charge

In consideration of the Town granting the Entity the exemption set forth in Section 4.1 of this Financial Agreement, during the Exemption Term, the Entity shall pay to the Town for municipal services supplied to the Project, as provided in the Exemption Law, an Annual Service Charge as follows:

(a) **Stage One**: From the ASC Commencement Date until the tenth (10^{th}) anniversary of the ASC Commencement Date, the Annual Service Charge shall be eleven and one quarter percent (11.25%) of AGR, and from the first day after the tenth (10^{th}) anniversary of the ASC Commencement Date until the fifteenth (15^{th}) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to eleven and one half percent (11.5%) of AGR;

(b) **Stage Two**: From the first day after the fifteenth (15th) anniversary of the ASC Commencement Date until the twentieth (20th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of thirteen and one half percent (13.5%) of AGR or twenty (20%) percent of the amount of the taxes otherwise due on the value of the Project Premises and the Improvements, and from the first day after the twentieth (20th) anniversary of the ASC Commencement Date until the twenty first (21st) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fourteen percent (14%) of AGR or twenty (20%) of the amount of taxes otherwise due on the value of the Project Premises and the Improvements;

(c) **Stage Three**: From the first day after the twenty first (21st) anniversary of the ASC Commencement Date until the twenty fifth (25th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fourteen percent (14%) of AGR or forty (40%) percent of the amount of the taxes otherwise due on the value of the Project Premises and the Improvements, and from the first day after the twenty fifth (25th) anniversary of the ASC Commencement Date until the twenty seventh (27th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fifteen percent (15%) of AGR or forty (40%) percent of the amount of the taxes otherwise due on the value of the Project Premises and the Improvements;

(d) **Stage Four**: From the first day after the twenty seventh (27th) anniversary of the ASC Commencement Date until the twenty ninth (29th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fifteen percent (15%) of AGR or sixty (60%) percent of the amount of the taxes otherwise due on the value of the Project Premises and the Improvements;

(e) **Final Stage**: From the first day after the twenty ninth (29th) anniversary of the ASC Commencement Date until the thirtieth (30th) anniversary of the ASC Commencement Date, the Annual Service Charge shall be equal to the greater of fifteen percent (15%) of AGR or eighty (80%) percent of the amount of the taxes otherwise due on the value of the Project Premises and the Improvements.

The Entity shall also pay an amount equal to five (5%) percent of the Annual Service Charge upon receipt of that charge, for remittance to the County by the Town.

Section 4.3 Minimum Annual Service Charge

Notwithstanding anything to the contrary in this Financial Agreement, including, without limitation, Section 4.2 hereof, the Annual Service Charge for the Project shall not be less than the Minimum Annual Service Charge.

Section 4.4 Administrative Fee

The Entity shall pay annually an Administrative Fee to the Town in addition to the Annual Service Charge and land. The Administrative Fee shall be calculated as two (2%) percent of the Annual Service Charge or Minimum Annual Service Charge for the prior year, as applicable. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge. In the event that the Entity fails to timely pay the Administrative Fee, the amount unpaid shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the Project Premises until paid.

Section 4.5 Land Tax Credit Against Respective Annual Service Charges

The Entity, or its Transferee, shall pay the Annual Service Charge or the Minimum Annual Service Charge in accordance with the terms of this Financial Agreement. The Entity is required to pay both the Annual Service Charge and the land tax payments. The Entity is obligated to make timely land payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity, or its Transferee, shall be entitled to a credit against the Annual Service Charge for the amount, without interest, of the pro rata portion of the Land Tax payments made in the last four (4) preceding quarterly installments. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credits against the Annual Service Charge for that quarter. No credit shall be applied against the Annual Service Charge for partial payments of Land Taxes. In addition, the Town shall have, among this remedy and other remedies, the right to proceed against the Project Premises 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 Financial Agreement.

Section 4.6 Quarterly Installments

The Entity expressly agrees that the Annual Service Charge or the Minimum Annual Service Charge, as the case may be, shall be paid in quarterly installments on those dates when ad valorem real estate tax payments on other properties within the Town are due, subject to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event the Entity fails to pay the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the Project Premises until paid.

Section 4.7 Rights and Obligations Related to Long Term Tax Exemption

(a) All Annual Service Charge or Minimum Annual Service Charge payments, as the case may be, made pursuant to this Financial Agreement shall be in lieu of taxes and the Town shall have the rights and remedies of tax enforcement granted to a municipality by Applicable Law just as if said payments constituted regular real property tax obligations on other real properties within the Town.

(b) If the ASC Commencement Date occurs on a date other than the last day of a quarter, the amount of the ASC for such period shall be based on the per diem assessment for such quarter.

(c) Subject to Section 3.3 hereof, any lease of the Rental Units to a Tenant or the Project Premises shall be subject to the terms of this Financial Agreement and shall not require the consent or approval of the Town. Upon the lease of the subject Rental Units to a Tenant, the Entity or a Tenant, if required by the terms of its lease agreement, shall be responsible for the payment of the applicable Annual Service Charge or Minimum Service Charge calculated pursuant to this Financial Agreement.

Section 4.8 Bond Financing

The Town may finance all or a portion of public improvements, if any, with bonds pursuant to the Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12A-64 et seq. ("RA Bonds"). If the Town finances all or a portion of the public improvements, if any, with RA Bonds, then the payments in lieu of taxes provided for in this Financial Agreement shall be assigned directly by the Town as payment for the bonds and shall not be included in the general funds of the municipality, nor shall they be subject to any laws regarding the receipt, deposit, investment or appropriation of public funds. The payments in lieu of taxes provided for in this Financial Agreement shall not be used to pay for any bonds. The repayment of the RA Bonds permitted pursuant to the Redevelopment Agreement shall be the sole obligation of the Entity and those payment sums shall be in addition to the payment in lieu of taxes, including payments to be made to both the Town and the County of Morris, provided for in this Financial Agreement.

Section 4.9 Material Conditions

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

ARTICLE V – DISPUTE RESOLUTION AND DEFAULT

Section 5.1 Agreement to Arbitrate

If the Town or the Entity breaches this Financial Agreement, or a dispute arises between the Parties regarding the terms and provisions set forth herein, then the Parties shall submit the dispute to the American Arbitration Association in the State of New Jersey, to be resolved in accordance with its rules and regulations in such fashion as to accomplish the purposes of the Exemption Law and this Financial Agreement. The costs of arbitration shall be borne equally by the Parties involved in the arbitration. The award rendered by the arbitrator(s) shall be final, and judgment may be entered upon it in accordance with Applicable Law in any court having jurisdiction. The Parties agree that the Entity may not file an action with the American Arbitration Association pursuant to this Section 5.1 of this Financial Agreement unless and until such time the Entity has first paid in full all charges defined as Material Conditions in Section 4.9 of this Financial Agreement.

Section 5.2 Covenant to Make Payments

The Entity agrees that the timely payment of the Land Taxes, and the Minimum Annual Service Charge or the Annual Service Charge, to the Town, as well as continued compliance with the Applicable Laws, are material conditions of this Financial Agreement. The failure to make any of the aforesaid payments in timely fashion shall constitute both a breach of this Financial Agreement and a tax payment delinquency under Applicable Law.

Section 5.3 Notification of Default Required

The Town shall notify the Entity in writing of any Default relating to the terms of this Financial Agreement. If the Entity fails to cure the Default identified within sixty (60) Days after the actual delivery of such notice by the Town, or within any additional periods to which the Parties may agree to, in writing, the Town may move to invalidate the Long Term Tax Exemption upon sixty (60) Days final written notice to the Entity, which shall inform the Entity that the Long Term Tax Exemption shall terminate due to the Default of the terms of this Financial Agreement. The Town shall not unreasonably refuse to grant a reasonable extension of the cure period. If the Town agrees that the Default is not reasonably capable of cure within sixty (60) Days from the mailing or delivery of the Default notice, then the Town may agree in writing to extend the cure period for an appropriate period of time. Subsequent to such sixty (60) Days, or any approved extension, the Town shall have the right to terminate this Financial Agreement in accordance with the terms of this Financial Agreement. Should the entity be in Default due to a failure to pay any charges defined as Material Conditions in Section 4.9 of this Financial Agreement, the Entity shall not be subject to the Default procedural remedies as provided herein but shall allow the Town to proceed immediately to terminate this Financial Agreement as provided for by the terms of this Financial Agreement.

Section 5.4 Town's Remedies Upon Default

The Town shall, among its other remedies, have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or may declare a Default and terminate this Financial Agreement. Any Default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, or the Annual Service Charges shall not be subject to the Default procedural remedies as provided in this Financial Agreement, but shall allow the Town to proceed immediately to terminate this Financial Agreement as provided by the terms of this Financial Agreement. All of the remedies provided in this Financial Agreement to the Town, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Financial Agreement shall deprive the Town 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, 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, Administrative Fees, or for breach of covenant, or the resort to any other remedy herein provided for the recovery of Land Taxes, shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy. In the event of a Default on the part of the Entity to pay any charges set forth in this Financial Agreement, the Town 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 Financial Agreement, as if the charges were taxes or municipal liens on land.

Section 5.5 Force Majeure

Neither Party shall be liable to the other for failure to perform its obligations under this Financial Agreement due to fire, flood, strikes, or other industrial disturbances, accidents, war, riot, insurrection, or other causes beyond the reasonable control of the Parties.

ARTICLE VI – LIMITATION ON PROFITS

Section 6.1 Entity's Covenant of Limitation on Profits

During the Exemption Term, the Entity's profits shall be limited, according to the provisions of the Exemption Law (N.J.S.A. 40A:20-15) and the definitions set forth therein. For any period, taken as one accounting period, commencing on the ASC Commencement Date, and terminating at the end of the last full fiscal year of the Exemption Term, in which the Entity's Net Profits exceed the Allowable Net Profit, the Excess Net Profits shall be paid to the Town as an additional Annual Service Charge within one hundred twenty (120) Days of the close of the Entity's fiscal year.

Section 6.2 Permitted Reserves

During the term of this Financial Agreement, the Entity may maintain a separate reserve against vacancies, unpaid rents and other contingencies in an amount not to exceed five (5%) percent of the Entity's Annual Gross Revenues (AGR) for the last full fiscal year and the Entity may retain such part of the Excess Net Profits as is necessary to eliminate any deficiency in the reserve as provided in the Exemption Law (N.J.S.A. 40A:20-15)(hereinafter referred to as the "Reserve"). 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 6.3 Payment of Reserve/Excess Net Profit Upon Termination, Expiration or Sale

The Termination Date, as determined pursuant to the terms of this Financial Agreement, or the date of 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 Town the amount of the reserve, if any, maintained by it pursuant to this Article VI of this Financial Agreement, and the excess Net Profit, if any.

ARTICLE VII – TERMINATION OF FINANCIAL AGREEMENT AND INSPECTIONS

Section 7.1 Termination upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided for by the terms of this Financial Agreement, the Town may terminate this Financial Agreement upon thirty (30) Days written notice to the Entity ("Notice of Termination").

Section 7.2 Voluntary Termination of the Financial Agreement by Entity

Pursuant to the Exemption Law, the Entity or any Transferee may at any time after the expiration of one (1) year from the ASC Commencement Date, notify the Town that, as of a certain date designated in the notice, it relinquishes its status as an urban renewal entity under the Exemption Law and that the Entity, or Transferee, has obtained the consent of the Commissioner of the Department of Community Affairs, if required by Applicable Law. As of that date, all of the obligations and requirements contained in this Financial Agreement shall terminate. Notwithstanding the foregoing, pursuant to the Redevelopment Area Bond Financing Law, if the Town finances all or a portion of the public improvements with bonds pursuant to the Redevelopment Area Bond Financing Law, then the Entity, or any Transferee, shall not have the right to relinquish its status as an urban renewal entity pursuant to this Section 7.1 as long as the RA Bonds remain outstanding. If the Town finances all or a portion of the public improvements with RA Bonds, the Town shall cause the RA Bonds to be retired prior to the expiration of this Financial Agreement. Upon retirement of the RA Bonds, the Entity or any Transferee shall again have the right to relinquish its status as an urban renewal entity pursuant to this Section 7.1 whereupon all of the obligations and requirements contained in this Financial Agreement shall terminate.

Section 7.3 Termination and Final Accounting

Within ninety (90) Days after the Termination Date, whether by affirmative action of the Entity or by virtue of the provisions of the Applicable Law or pursuant to the terms of this Financial Agreement, the Entity shall provide a final accounting and pay to the Town the Reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and N.J.S.A. 40A:20-15, as well as any Excess Net Profits, if any payable as of that date. For purposes of rendering a final accounting, the termination of the Financial Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 7.4 Taxes After Termination Date

After the Termination Date, the Long Term Tax Exemption shall expire, and the relevant portion of the Project Premises and the Improvements constructed thereupon shall thereafter be assessed and conventionally taxed according to Applicable Law as other real property in the Town.

Section 7.5 Rights of Inspection

Pursuant to a reasonable written request, the Entity shall authorize the Town or its representatives to examine (a) the Project Premises and equipment and other facilities of the Entity, and (b) the Entity's books, contracts, records and documents, related to the Project. Such examination shall be made during reasonable business hours, in the presence of a member or agent of the Entity. The Parties agree that ten (10) Days written notice shall constitute a reasonable request for inspection. Notwithstanding the foregoing, the Entity may request an extension of time for such examination and the Town shall consent to any reasonable request. Except to the extent required by Applicable Law, all information and documentation provided hereunder shall remain confidential and not subject to public disclosure.

ARTICLE VIII – SALE OR LEASE OF PROJECT

Section 8.1 Conveyance of Project

Any sale or transfer of the Project shall be void unless approved in advance by ordinance of the Governing Body. It is understood and agreed that the Town, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Financial Agreement provided: (i) the new Entity (hereinafter referred to as a "Transferee") does not own any other project subject to long term tax exemption at the time of transfer; (ii) the Transferee is an urban renewal entity formed and eligible to operate under the Exemption Law; (iii) the Entity is not then in Default of this Financial Agreement or the Exemption Law; (iv) the Entity's obligations under this Financial Agreement are fully assumed by the Transferee; and (v) the Entity shall pay to the Town a transfer fee equal to two (2%) percent of the then current Annual Service Charge as required by the Exemption Law (N.J.S.A. 40A:20-10(d)) for the processing of such request for the continuation of the Long Term Tax Exemption to the benefit of the Transferee. A Transfer under this Section 8.1 shall not include the leasing of the Rental Units to a Tenant.

Section 8.2 Fee

Where the consent or approval of the Town 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 Town a new tax exemption application fee for the legal and administrative services of the Town, as it relates to the review, preparation and/or submission of documents to the Governing Body for appropriate action on the requested assignment. This fee shall be non-refundable.

Section 8.3 Obligations of Entity and Transferee After Conveyance

If the Entity Transfers the Project to a Transferee pursuant to Section 8.1 of this Financial Agreement, then the Entity shall be absolutely discharged from any further obligations regarding the Project and shall be qualified to undertake another project pursuant to the Exemption Law.

Within ninety (90) Days after the date of a Transfer, the Entity shall pay to the Town any Reserve maintained by it pursuant to this Financial Agreement, as well as any Excess Net Profits payable to the Town pursuant to this Financial Agreement and the Exemption Law.

ARTICLE IX – ENTITY'S COVENANTS AND REPRESENTATIONS

Section 9.1 Management and Operation

Subject to its right to Transfer pursuant to Section 8.1 of this Financial Agreement, the Entity represents and covenants that the Entity will manage and operate the Project as a building containing up to fifty four (54) residential units and approximately nineteen thousand (19,000) square feet of restaurant/retail space on the ground level and parking through a contractual arrangement for off-site parking and other related on-site and off-site improvements, together with such infrastructure and ancillary improvements as are commonly associated with projects of this nature, in a manner consistent with the Redevelopment Agreement and the Redevelopment Plan, or will contract with a third party management company to perform same. The Entity shall be free to enter into a lease for the Rental Unit to a Tenant, without the consent of the Town.

Section 9.2 Computation of Gross Revenue

The Entity shall calculate the Annual Gross Revenue in accordance with this Financial Agreement and shall be shown on the Entity's Annual Audit Statement.

Section 9.3 Annual Audit Report

For so long as the Entity owns the Project and within ninety (90) Days after the close of each fiscal or calendar year (depending on the Entity's accounting basis) that this Financial Agreement shall continue in effect, the Entity shall submit to the Mayor of the Town, the Governing Body and the New Jersey Division of Local Government Services within the New Jersey Department of Community Affairs, its Annual Audited Statement for the preceding fiscal or calendar year in accordance with the Exemption Law. The report shall clearly identify and calculate the Net Profit for the Entity during the previous fiscal year. The Entity assumes all costs associated with preparation of the Annual Audited Statements. Except to the extent required by Applicable Law, all financial information provided hereunder shall remain confidential and not subject to public disclosure.

Section 9.4 Total Project Cost Audit

Within ninety (90) days after a Certificate of Completion is issued for the Project, the Entity shall submit to the Mayor and Governing Body, an audit of Total Project Cost, certified as to actual construction costs by the Entity's architect.

Section 9.5 Entity Bound by the Exemption Law

The Entity shall, at all times prior to the Termination Date, remain bound by the provisions of the Exemption Law.

Section 9.6 Certificate of Occupancy

(a) 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 Redevelopment Agreement and the proposed construction schedule attached hereto as **Exhibit D**. The failure of the Entity to secure the Certificates of Occupancy for all aspects of the Project as required by this Financial Agreement, the Redevelopment Agreement and the Redevelopment Plan shall subject the Project Premises and the Improvements constructed thereon to full taxation for the period between the date of Substantial Completion (or projected date of Substantial Completion) and the date the Certification of Occupancy is obtained.

(b) 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 Section 9.6(a) of this Financial Agreement, shall not militate against any action or non-action, taken by the Town, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 9.7 Project Labor

The Town has a compelling interest to ensure that construction contracts for projects that receive tax abatements under the Exemption Law are executed at responsible costs and with the highest degree of quality and otherwise are designed to achieve the public policy considerations of the Town. Accordingly, the Entity hereby represents, warrants and covenants that the construction contracts for site work and the installation of structural steel entered into by or on behalf of the Entity in furtherance of the redevelopment of the Project Premises, shall require the use of union labor, and the Entity shall provide to Town evidence reasonably satisfactory to the Town that union labor is being used for those construction contracts.

ARTICLE X – MISCELLANEOUS PROVISIONS

Section 10.1 Governing Law and Conflicts

This Financial Agreement shall be construed and enforced in accordance with the provisions of Applicable Law including but not limited to the Exemption Law, and without regard to or aid of any presumption or other rule requiring construction against the Party drawing or causing this Financial Agreement to be drawn since counsel for both the Entity and the Town have combined in their review and approval of same. The Parties agree that in the event of a conflict between this Financial Agreement and the Application, the language contained in this Financial Agreement shall govern and prevail. The Parties further agree that in the event of a conflict between this Financial Agreement and the Exemption Law, the Exemption Law shall govern and prevail.

Section 10.2 Oral Representation

Neither Party hereto has made any oral representation that is not contained in this Financial Agreement. This Financial Agreement, the Ordinance authorizing this Financial Agreement and the Application, including all of the **Exhibits** attached and annexed thereto, are incorporated in this Financial Agreement and made a part hereof and constitute the entire Financial Agreement by and between the Parties.

Section 10.3 Modification

There shall be no modification of this Financial Agreement except by virtue of a written instrument approved and executed by and between both Parties and delivered to each Party.

Section 10.4 Notices

All notices required hereunder shall be sent by certified mail, return receipt requested, or by recognized overnight courier, with proof of delivery, addressed as follows:

a) When sent by the Town to the Entity:

35-41 Market Street Urban Renewal LLC
c/o Vertical Realty Capital LLC
225 Millburn Avenue, Suite 101
Millburn, New Jersey 07041

with a copy to:

Frank J. Vitolo, Esq.
Riker Danzig Scherer Hyland & Perretti LLP
Headquarters Plaza, One Speedwell Avenue
Morristown, NJ 07962-1981

b) When sent by the Entity to the Town:

Honorable Mayor Timothy Dougherty
Town of Morristown
200 South Street, CN 914
Morristown, New Jersey 07963-0914

with a copy to:

Vijayant Pawar, Esq., Town Attorney
Town of Morristown
200 South Street, CN 914
Morristown, New Jersey 07963-0914

with a copy to:

Jillian Barrick, Business Administrator
Town of Morristown
200 South Street, CN 914
Morristown, New Jersey 07963-0914

and a copy to:

John P. Inglesino, Esq.
Inglesino, Webster, Wyciskala & Taylor, LLC
600 Parsippany Road, Suite 204
Parsippany, New Jersey 07054

In addition, if the Entity delivers formal written notice to the Town in accordance with this Agreement, of the name and address of Entity's mortgagee, then the Town shall provide such mortgagee with a copy of any notice required to be sent to the Entity.

Section 10.5 Indemnification

It is understood and agreed that in the event the Town shall be named as party defendant in any action alleging any breach, default or a violation of any of the provisions of this Financial Agreement and/or the provisions of the Exemption Law, but not including any taxpayer actions brought against the Town or the Entity, the Entity shall defend, indemnify and hold the Town harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs, through trial and all stages of any appeal, including the cost of enforcing this indemnity) arising out of this Financial 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 expenses. However, the Town maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the Town. It is understood that the obligation to indemnify and hold the Town harmless shall not apply to the intention acts of the Town or any of its employees, agents or servants.

Section 10.6 Severability

If any term, covenant or condition of this Financial Agreement shall be judicially declared to be invalid or unenforceable, the remainder of this Financial Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Financial Agreement shall be valid and be enforced to the fullest extent permitted by Applicable Law.

If any portion of this Financial Agreement shall be judicially declared to be invalid and unenforceable and provided that a Default has not been declared pursuant to this Financial Agreement, the Parties shall cooperate with each other to take the actions reasonably required to restore the Financial Agreement in an manner contemplated by the Parties, including, but not limited to the authorization and amendment of this Financial Agreement in a form reasonably drafted to effectuate the original intent of the Parties.

Section 10.7 Good Faith

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

Section 10.8 Certification

The Town Clerk shall certify to the Town Tax Assessor, pursuant to the Exemption Law, that this Financial Agreement entered into by the Town and the Entity has been lawfully entered into and is in effect pursuant to the Exemption Law. The delivery by the Town Clerk to the Town Tax Assessor of a certified copy of the Ordinance shall constitute the required certification. Upon the delivery of the certification as required hereunder, the Town Tax Assessor shall implement the Long Term Tax Exemption and continue to enforce the Long Term Tax Exemption without further certification by the Town Clerk until the Termination Date. Further, upon the adoption of this Financial Agreement, the Ordinance shall be transmitted to the Director of the Division of Local Government Services State of New Jersey Department of Community Affairs by the Town Clerk.

Section 10.9 Exhibits

This Financial Agreement in its proposed form appears as an attachment to the Application for Long Term Tax Exemption as **Exhibit A**. This Financial Agreement along with each **Exhibit** attached and annexed hereto is incorporated into the Application.

Section 10.10 Recording

This Financial Agreement, or a memorandum of this Financial Agreement, may be filed and recorded with the Morris County Clerk by the Entity, and same may be discharged by the Entity or the Town upon the Termination Date.

Section 10.11 Counterparts

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

Section 10.12 Estoppel Certificate

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

Section 10.13 Waiver

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

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Financial Agreement to be executed the day and year first above written.

35-41 MARKET STREET URBAN RENEWAL LLC

By: __________________________
Name: Joseph Feldman
Title: Manager

ATTEST:

Margot G. Kaye
~~Robin Kesselmeyer~~ MARGOT G. KAYE
~~Acting~~ Town Clerk

TOWN OF MORRISTOWN

____
Timothy Dougherty, Mayor

ACKNOWLEDGEMENT

STATE OF New Jersey)
) SS.:
COUNTY OF Morris)

Be it remembered that on the 25 day of January, 2018, Joseph Feldman personally appeared before me, and this person acknowledged under oath, to my satisfaction that:

(a) he is the Manager of 35-41 Market Street Urban Renewal LLC, the limited liability company named as Entity in the attached Financial Agreement;

(b) he is authorized to execute the attached Financial Agreement on behalf of the Entity;

(c) he executed the attached Financial Agreement on behalf of and as the act of the Entity; and

(d) the attached Financial Agreement was signed and made by the Entity as its duly authorized and voluntary act.

Natalie Pepe

NATALIE PEPE
A Notary Public of New Jersey
My Commission Expires June 15, 2021

[137-027/00522000-]

ACKNOWLEDGEMENT

STATE OF NEW JERSEY)
) SS:
COUNTY OF MORRIS)

BE IT REMEMBERED, that on this __ day of January, 2018 before me, the subscriber, personally appeared **Timothy Dougherty**, who, being by me duly sworn on his oath, deposes and makes proof to my satisfaction that he is the Mayor of the **Town of Morristown**, the Town named in the within Instrument; that the execution, as well as the making of this Instrument, have been duly authorized by the Town, that deponent well knows the seal of said Town; and that the seal affixed to said Instrument is the proper seal and was hereto affixed by ~~**Robin Kesselmeyer**~~**,** ~~**Acting**~~ **Town Clerk**, and said Instrument was signed and delivered by said Mayor as and for the voluntary act and deed of said Town. MARGOT G. KAYE

Margot G Kaye

[137-027/00522000-]

EXHIBIT A

PILOT APPLICATION

[Attached]

Application for

Long Term Tax Abatement

Overview of application contents:

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

I. Instructions:

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

Important notes:

1) Certain documents required in this application must be prepared by qualified professionals other than the applicant. In particular, survey documents must be signed and sealed by a licensed surveyor, site plan documents must be signed and sealed by a professional engineer and detailed cost estimates must be certified by a licensed engineer or architect.

2) Under New Jersey law, applicants for long-term abatements must be organized as an Urban Renewal Entity as certified by the New Jersey Department of Community Affairs. (Low and moderate income housing projects located in particular areas may be exempt from this requirement in certain cases.)

3) The application must be accompanied by a proposed form of financial agreement. Please ensure that the financial agreement attached to this application is appropriate to the type of project for which you are seeking an abatement.

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

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

II. Developer Identification:

A. Name of Applicant:

35-41 Market Street Urban Renewal LLC

B. Principal Address:

225 Millburn Avenue, Suite 101, Millburn, NJ 07041

C. Type of Entity (check one)

___Corporation _X_LLC ___LLP ___Partnership ___Other (please specify)

____

D. Contact Information

1.) **Name of Primary Contact:** Jacob Feldman

2.) **Contact Numbers:**

a. **Phone:** 973 379-9555

b. **Fax:** 973 376-5496

c. **Email:** Jake@verticalrealtycap.com

E. Address of Statutory Agent:
Please list the name and address of the entity upon whom a legal process can be served:

Jacob Feldman

225 Millburn Avenue, Suite 101, Millburn, NJ 07041

F. Federal Tax Identification Number:

47-3447907

G. Disclosure of Ownership:

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

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

H. Certificates of Incorporation and Approval:

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

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

I. Authorization to Submit Application:

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

III. Project Description:

A. Applicant's Ownership Interest in the Project:

X__Conventional (Fee Simple) ____Condominium

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

X__Residential; X__Retail; ___Office; ___ Manufacturing; ___ Distribution Facility; ___Hotel;

Other (Specify): ____

If the project involves more than one type of usage, indicate the percentage that each usage bears to the overall project measured using square feet of gross area:

68.3 % Residential; 31.7 % Retail; ___% Office; ___% Manufacturing; ___% Distribution Facility;

___% Hotel; ___% Other (specify here ______________________________)

C. Marketing Expectation:

___For Sale X_For Lease ____Both

D: Project Location:

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

Address #1: 35-37 Market Street, Morristown, NJ

Address #2: 41 Market Street, Morristown, NJ

Address #3:____

Address #4:____

Use additional sheets if necessary

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

Block 6001 Lots 13 and 14

3. Metes and Bounds Description:

Please attach the metes and bounds description of the project site as Exhibit 5 of this application.

4. Survey:

Please at...ch survey of the project site as Exhibit 6 of this application. If a survey has not yet been completed, a plotting on the official tax map may be provided at this time. A certified survey will be required prior to execution of any financial agreement.

E. Deed or Lease Agreement:

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

F. Purpose of Project:

Please check all that apply:

1. This project is located within an officially designated "area in need of redevelopment."
   X Yes ____ No

2. This project is located within an Urban Enterprise Zone.
   ___ Yes ____ No

3. This Project is intended to provide housing to low and/or moderate income households:
   ___ Yes X No

   Please indicate the number of units of each type listed below, as appropriate.

   Number of units for low income households 0
   Number of units for moderate income households 0
   Number of market rate units 54
   Total number of residential units 54

4. This Project is intended to provide housing to households relocated as a result of a redevelopment project: ___ Yes X No

5. This Project is intended as a means to implement the objectives set forth in an adopted Redevelopment Plan: X Yes ___ No

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

H. Narrative Description of Project:

Provide a brief narrative description of the project, including the height and bulk of proposed improvements, type of construction materials to be used and expected square foot area of each proposed use. Indicate the number and type of each unit to be constructed as part of the project and whether the project will be restricted to any group or groups on the basis of age or income. Include maps, renderings, floor plans and other graphic materials if available. Attach this description as Exhibit 8 of this application.

I. Current Conditions:

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

The project site is an old retail building in very bad condition. No part of the existing improvements on the site shall be used in the project.

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

Block	Lot	Current Tax Assessment	Current Real Property Tax Levy
6001	13	675,000	$18,427.50
6001	14	1,900,000	$51,870.00

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

Block	Lot	Current Status of Municipal Fees and Charges (specify type)
6001	13	No Charges Outstanding
6001	14	No Charges Outstanding

J. Site Plan Approval:

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

K. Project Cost Estimates

1. Provide a detailed cost breakdown for the project, including both hard and soft costs. The estimate should be certified by a licensed architect or engineer. Attach the completed estimate for the entire Project as Exhibit 11 of this application.

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

L. Project Pro-Forma:

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

M. Project Financing Plan:

1. Provide a detailed explanation of the expected method by which the project will be financed, indicating the amount of equity to be contributed and its source, all public loans and/or grants that are to be used and all private sources of capital. Attach this explanation as Exhibit 14 of this application.

2. Private Financing Commitments: Provide certified copies of any and all letters from public or private sources of capital indicating a commitment to make funds available for the project. Attach these letters as Exhibit 15 of this application.

N. Explanation of the Need for Tax Abatement:

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

O. Project Schedule:

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

P. Statement of Project Benefits:

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

IV. Abatement Information:

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

X Annual Gross Revenue (Non-condominium) ___Project Cost

___Imputed debt service (Condominium)

B. Term Requested:

30 Years

C. Proposed Rates and Phases:

Starting Year	Ending Year	Rate	Phase-out (alternative method)
1	10	11.25%	Prior Year's Full Taxes
11	15	11.5%	Prior Year's Full Taxes
16	20	13.5%	20% of Full Taxes

21	21	14%	20% of Full Taxes
22	25	14%	40% of Full Taxes
26	27	15%	40% of Full Taxes
28	29	15%	60% of Full Taxes
30	30	15%	80% of Full Taxes

D. Form of Financial Agreement:

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

Representations and Certifications:

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

A. The project conforms to the Redevelopment Plan that is in effect for the area that includes the project site and with any Redevelopment Agreement as may be in place between the Municipality and the Developer.

B. The Project either 1) conforms to the Master Plan of the Municipality; or 2) to the extent that the Redevelopment Plan is inconsistent with the Master Plan, the Project conforms to the Redevelopment Plan and the Municipal Council, in adopting the Redevelopment Plan, set forth its reasons for adopting a Redevelopment Plan with such inconsistencies.

C. The project will conform to and the applicant(s) agrees to comply with all Federal and State laws and to all applicable municipal ordinances.

D. Construction of the project has not commenced as of the time of the submission of this application. The applicant understands that the Municipal Council is under no obligation to approve this tax abatement application. Any work done on the assumption of receipt of a tax abatement following the submission of the application and before final approval is undertaken at the risk of the developer. **Note that under no circumstances will an abatement be granted for a project that has already reached substantial completion.**

F. No officer or employee of the Municipality has any interest, directly or indirectly, in the project that is the subject of this application.

Signatures

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

For the Developer:

2/17/17

Name: Joseph Feldman
Title: Authorized Signatory

Date

Please notarize here or provide attestation and seal of corporate secretary

Jacob Feldman, Esq. Attorney at law
In the state of New Jersey

EXHIBITS

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

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

EXHIBIT 1-A

DISCLOSURE OF OWNERSHIP

Instructions:

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

This information must be provided on the forms following these instructions entitled "Disclosure of Ownership." Separate forms should be used for each corporation or partnership included in the chain of ownership. Each form must be signed by an officer of the corporation and be attested to by the secretary (if a corporation) or by all partners (if a partnership). Partnership forms must be notarized as well.

Failure to properly complete this disclosure statement or to submit it as part of the application will be grounds for the application to be rejected.

EXHIBIT 1-B

DISCLOSURE OF OWNERSHIP
(35-41 Market Street Urban Renewal LLC)

I. Partners

Name	Home Address	Percentage Owned	Signature
Vertical Morristown LLC	c/o Vertical Realty Capital LLC, 225 Millburn Avenue, Suite 101, Millburn, New Jersey 07041	50%	
35-41 Market Street SC LLC	c/o Stolar Capital, 36-42 Newark Street, Suite 303, Hoboken, New Jersey 07030	50%	

35-41 Market Street Urban Renewal LLC
Name of Partnership

Signature of Notary as to Signatures — Date: 10/17/17

Jacob Feldman, Esq.
Attorney at law State of New Jersey

EXHIBIT 1-C

DISCLOSURE OF OWNERSHIP
(Vertical Morristown LLC)

I. Partner sholding at least 10% or more membership interest)

Name	Home Address	Percentage Owned	Signature
Joseph Feldman	**c/o Vertical Realty Capital LLC, 225 Millburn Avenue, Suite 101, Millburn, New Jersey 07041**	**99%**	

EXHIBIT 1-D

DISCLOSURE OF OWNERSHIP
(35-41 Market Street SC LLC)

I. Partners holding at least 10% or more membership interest)

Name	Home Address	Percentage Owned	Signature
Frank Brosens	**25 Sutton Place North, Apt. # 10, New York, New York 10022**	**90%**	Fbrosens
John Brosens	**25 Sutton Place North, Apt. # 10, New York, New York 10022**	**10%**	John Brosens

EXHIBIT 2

CERTIFICATE OF INCORPORATION

Please attach a copy of the approved certificate of incorporation of the entity applying for the abatement to this sheet.

See attached certificate

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

CERTIFICATE OF FORMATION

35-41 MARKET STREET JV LLC

0400731755

The above-named DOMESTIC LIMITED LIABILITY COMPANY was duly filed in accordance with New Jersey state law on 03/13/2015 and was assigned identification number 0400731755. Following are the articles that constitute its original certificate.

1. **Name:**
   35-41 MARKET STREET JV LLC
2. **Registered Agent:**
   JACOB FELDMAN
3. **Registered Office:**
   225 MILLBURN AVENUE
   SUITE 101
   MILLBURN, NJ 07041
4. **Business Purpose:**
   REAL ESTATE

Signatures:

JACOB FELDMAN
AUTHORIZED REPRESENTATIVE

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at Trenton, this 13th day of March, 2015

Andrew P. Sidamon-Eristoff
State Treasurer

Certification# 135544684

Verify this certificate at
https://www1.state.nj.us/TYTR_StandingCert/JSP/Verify_Cert.jsp

Certificate of Approval of Urban Renewal Entity from the New Jersey Department of Community Affairs (DCA)

Please attach a copy of DCA's certificate of approval of the applicant as an Urban Renewal entity to this sheet. (Low and moderate income housing projects to be constructed outside an approved redevelopment area are exempt from this requirement.)

The entity has not yet received approval from NJDCA for the required "urban renewal entity". Any action taken regardoing this matter shall be strictly subject to the receipt of such approval for the urban renewal entity that is to be the subject of the financial agreement.

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

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHARLES A. RICHMAN
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer
RE: 35-41 MARKET STREET URBAN RENEWAL LLC
(formerly 35-41 Market Street JV LLC)
File #1871
An Urban Renewal Entity

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

Done this 16th day of November 2016 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

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

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

CERTIFICATE OF FORMATION

35-41 MARKET STREET JV LLC

0400731755

The above-named DOMESTIC LIMITED LIABILITY COMPANY was duly filed in accordance with New Jersey state law on 03/13/2015 and was assigned identification number 0400731755. Following are the articles that constitute its original certificate.

1. **Name:**
   35-41 MARKET STREET JV LLC
2. **Registered Agent:**
   JACOB FELDMAN
3. **Registered Office:**
   225 MILLBURN AVENUE
   SUITE 101
   MILLBURN, NJ 07041
4. **Business Purpose:**
   REAL ESTATE

Signatures:

JACOB FELDMAN
AUTHORIZED REPRESENTATIVE

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at Trenton, this 13th day of March, 2015

Andrew P Sidamon-Eristoff
State Treasurer

Certification# 135544684

Verify this certificate at
https://www1.state.nj.us/TYTR_StandingCert/JSP/Verify_Cert.jsp

L-102 Rev 11/2014

New Jersey Division of Revenue and Enterprise Services

Certificate of Amendment

Limited Liability Company

NJSA 42:2C-19

To file electronically:
1. Enter the information requested below and sign by typing your name in the signature field. The form can only be filled in using the free Adobe Acrobat Reader 9.1 or greater. *(See the pages following this form for field by field instructions, and notes on delivery and processing of work requests.)*
2. Click the "Add Attachments" button to add attachments if required *(Check the field by field instructions to see if you must include an attachment(s)).*
3. After the form has been filled in properly, please save a copy to your computer so that you can upload the form to the State of New Jersey Division of Revenue & Enterprise Services Central Forms Repository Web application by following the instructions in the next step.
4. Click the "Open the Central Forms Repository Home Page to start the Form Submission Process" button at the bottom of the form. *(This action will launch the State of New Jersey Division of Revenue & Enterprise Services Central Forms Repository Web application. If you have not created an account in the application, you will need to do so before using the online Web application. Once your account is created, please login to the application and follow the instructions for submitting your form and payment online.)*

A limited Liability Company on file with the Division of Revenue and Enterprise Services may use this form to amend its Certificate of Formation. The filer is responsible for ensuring strict compliance with NJSA 42:2C, the Revised Uniform New Jersey Limited Liability Company Act.

Name of Limited Liability Company:
35-41 Market Street JV LLC

1. Business ID Number:
0400731755

2. The Certificate of Formation is amended as follows (provide attachments if needed):

(1) Reference to "35-41 Market Street JV LLC" in the Certificate of Formation shall be replaced by "35-41 Market Street Urban Renewal LLC"

(2) Article 1 of the Certificate of Formation is hereby amended and restated as follows:

"1. Name: 35-41 Market Street Urban Renewal LLC"

The undersigned represent(s) that this filing complies with State law as detailed in NJSA 42:2C and that they are authorized to sign this form behalf of the Limited Liability Company.

Signature: [redacted] Title: Authorized Signatory

Name: Joseph Feldman Date: 8/17/16

Add Attachments | Open the Central Forms Repository Home Page to start the Form Submission Process

RESOLUTION AUTHORIZING SUBMISSION OF APPLICATION

EFFECTIVE DATE: February 16, 2017

The undersigned, Peter Brosens and Joseph Feldman, as the managers (the "Managers") of STOLAR-VERTICAL MARKET STREET JV LLC, a New Jersey limited liability company ("Market Street JV"), the sole member of 35-41 MARKET STREET URBAN RENEWAL LLC (the "Applicant"), hereby consent to the adoption of and hereby adopt the following resolutions by written consent to action:

NOW, THEREFEORE, BE IT:

RESOLVED that the Applicant is authorized to submit an application to the Municipality for the provision of a long term tax abatement.

BE IT FURTHER RESOLVED that if the Applicant's application is accepted by the Municipality, the either of Peter Brosens or Joseph Feldman is authorized to execute and deliver on its behalf, a contract with the Municipality, substantially in the form attached to the application, with such changes thereto as may be negotiated by the parties.

The undersigned Managers of Market Street JV hereby certify that the foregoing Resolution was lawfully adopted by the Managers of Market Street JV, the sole member of the Applicant, on the date set forth above, that the foregoing Resolution is a true, accurate and complete copy of the Resolution so adopted and placed in the Applicant's records, and that they are in full force and effect as of the date hereof.

35-41 MARKET STREET URBAN RENEWAL LLC

By: STOLAR-VERTICAL MARKET STREET JV LLC, its sole member

By: ____________________
Name: Joseph Feldman
Title: Manager

By: ____________________
Name: Peter Brosens
Title: Manager

Exhibit 5

METES AND BOUNDS DESCRIPTION

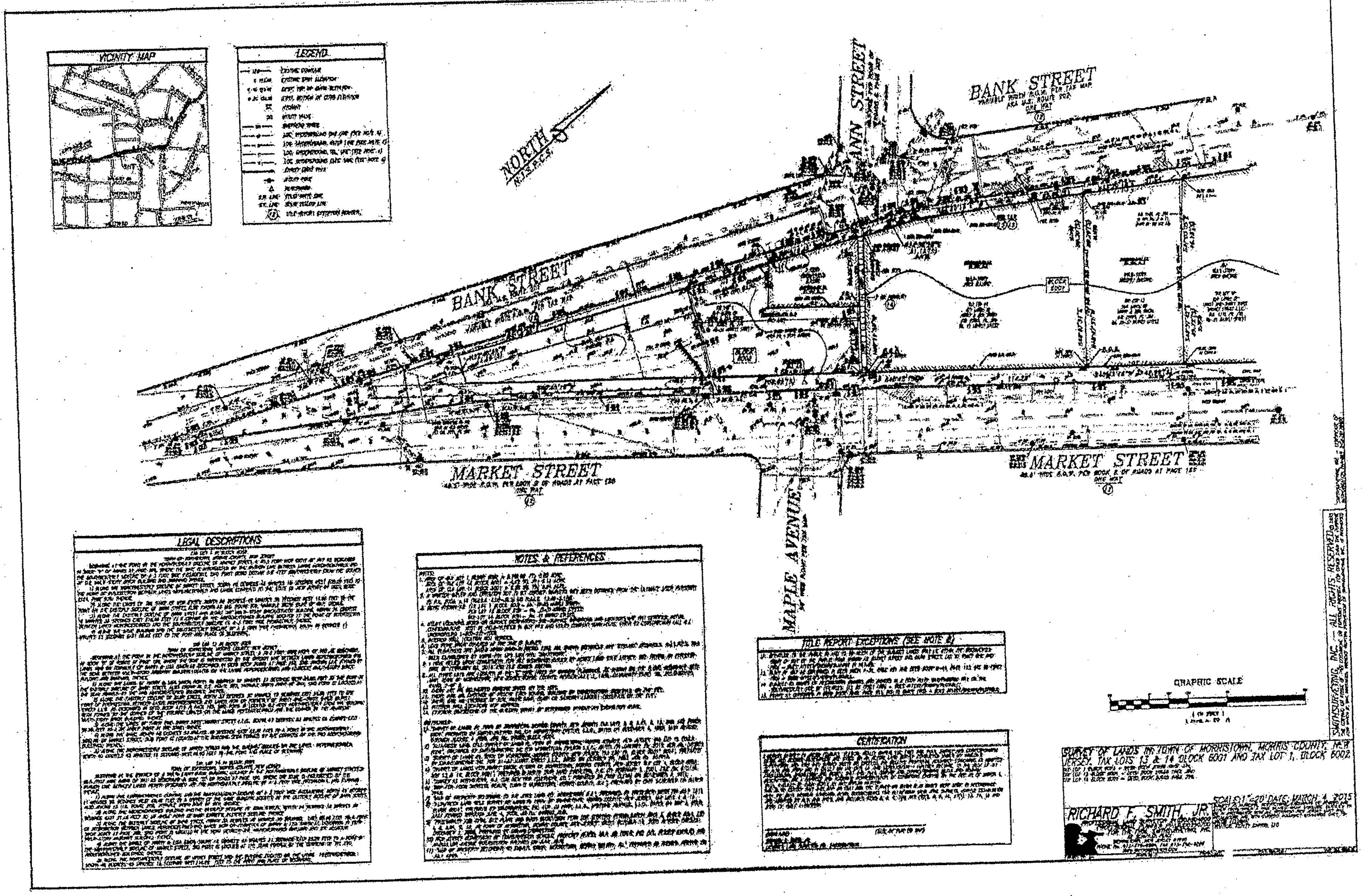
See survey attached as exhibit 6 which includes the metes and bounds decription.

Exhibit 6

SURVEY

Attach survey of the project. If a survey has not yet been completed, a plotting on the official tax map may be provided at this time. A certified survey will be required prior to execution of any financial agreement.

See attached survey.



VICINITY MAP
LEGEND
NORTH
BANK STREET
ANN STREET
BLOCK 6001
BLOCK 6002
MARKET STREET
MAPLE AVENUE
LEGAL DESCRIPTIONS
NOTES & REFERENCES
TITLE REPORT EXCEPTIONS (SEE NOTE 8)
CERTIFICATION
GRAPHIC SCALE
SURVEY OF LANDS IN TOWN OF MORRISTOWN, MORRIS COUNTY, NEW JERSEY, TAX LOTS 13 & 14 BLOCK 6001 AND TAX LOT 1, BLOCK 6002
RICHARD F. SMITH, JR.
SCALE: 1"=20' DATE: MARCH 4, 2015
SMITHSURVEYING, INC. — ALL RIGHTS RESERVED

Exhibit 7

COPY OF DEED OR LEASE AGREEMENT

Please attach evidence that applicant has legal control over site(s) included in the proposed project.

See attached deeds.

After recording return to:
Sanders M. Chattman, Esq.
Orloff, Lowenbach, Stifelman & Siegel, P.A.
101 Eisenhower Parkway, Suite 400
Roseland, New Jersey 07068-1097

Prepared by:

Sanders M. Chattman, Esq.

BARGAIN AND SALE DEED

This Deed is made as of April 8, 2015

between: **HARRY SIMON** and **LISA SIMON**, now known as Lisa Lanterman, by her Attorney in Fact Harry Simon (collectively, "**Grantor**"), with an address at c/o Harry Simon, P.O. Box 1793, Morristown, New Jersey 07962;

and: **35-41 MARKET STREET JV LLC**, a New Jersey limited liability company ("**Grantee**"), with an address at 225 Millburn Avenue, Suite 101, Millburn, New Jersey 07041.

1. **Transfer; Consideration**. Grantor grants, transfers and conveys to Grantee its entire right, title and interest in the real property identified in Section 3 below and described on ***Schedule A*** attached hereto and made a part hereof, including all buildings and other improvements located at such real property (the "**Property**").

2. **Consideration**. Grantor acknowledges that Grantee has paid to Grantor the sum of Six Million One Hundred Ninety-Five Thousand Dollars ($6,195,000.00) in consideration for the Property.

3. **Property**. The Property is located in the Town of Morristown, County of Morris and State of New Jersey, is commonly known as 35-37 Market Street and 41 Market Street, Morristown, New Jersey 07960, and is more particularly described on ***Schedule A*** attached hereto and made a part hereof, which consists of three (3) pages.

4. **Tax Map Reference**. The Property is designated on the Town of Morristown Tax Map as Lots 13 and 14 in Block 6001.

5. **Chain of Title**. The Property is the same property conveyed to Grantor as follows:

(a) As to Lot 13 in Block 6001: (i) by Harry Simon and O. David Fischer, Trustees, to Harry Simon and O. David Fischer, Trustees for Frances Simon, 38%, Harry Simon, 31% and Lisa Simon, 31%, by deed dated August 8, 1990, and recorded in the Morris County Clerk's Office on August 30, 1990 in Deed Book 3338, at Page 270; and (ii) by Harry Simon and O. David Fischer, Trustees for Frances Simon, to Harry Simon - 24/100 share and Lisa Simon - 14/100 share, by Deed dated November 1, 2006, and recorded in the Morris County Clerk's Office on November 15, 2006 in Deed Book 20669, at Page 392.

(b) As to Lot 14 in Block 6001: (i) by Frances Simon, Harry Simon and Lisa Simon, partners trading as Market Street Properties, to Harry Simon and O. David Fischer, Trustees, by deed dated March 20, 1990, and recorded in the Morris County Clerk's Office on April 23, 1990 in Deed Book 3278, at Page 153; (ii) by Harry Simon and O. David Fischer, Trustees, to Harry Simon and O. David Fischer, Trustees for Frances Simon, 90%, Harry Simon, 5% and Lisa Simon, 5%, by deed dated August 8, 1990, and recorded in the Morris County Clerk's Office on August 30, 1990, in Deed Book 3338, at Page 265; and (iii) by Harry Simon and O. David Fischer, Trustees for Frances Simon, to Harry Simon - 50/100 share and Lisa Simon - 40/100 share, by Deed dated November 1, 2006, and recorded in the Morris County Clerk's Office on November 15, 2006 in Deed Book 20669, at Page 398.

6. This Deed is for non-residential property. The Property is not a marital residence.

7. Harry Simon is acting as Attorney in Fact for Lisa Simon, now known as Lisa Lanterman, pursuant to a Durable Power of Attorney recorded in the Morris County Clerk's Office on December 6, 2013, in OR Book 22465, at Page 759, and re-recorded in the Morris County Clerk's Office on March 17, 2014, in OR Book 22505, at Page 1691.

8. **Covenants Against Grantor's Acts**. Grantor covenants that Grantor has done no act to encumber the Property. This covenant is intended to have the effect set forth in N.J.S.A. 46:4-6.

[Signature appear on next page]

This Deed has been signed by Grantor on the date set forth at the beginning of this Deed.

Witnessed by:

Name: ______________________
[please print]

Name: ______________________
[please print]

HARRY SIMON

LISA SIMON, now known as
Lisa Lanterman, by Harry Simon,
Attorney in Fact

Acknowledgments

STATE OF NEW JERSEY :
: SS.
COUNTY OF Essex :

I CERTIFY that on April 8, 2015, **HARRY SIMON** personally came before me and stated to my satisfaction that (i) he is one of the makers of this Deed, (ii) he executed this Deed as his own act and (iii) the full and actual consideration (as defined in N.J.S.A. 46:15-5) paid for the Property is $6,195,000.00.

EDWARD WACKS
ATTORNEY AT LAW
OF NEW JERSEY

STATE OF NEW JERSEY :
: SS.
COUNTY OF Essex :

I CERTIFY that on April 8, 2015, HARRY SIMON, as Attorney in Fact for Lisa Simon, now known as Lisa Lanterman, personally came before me and stated to my satisfaction that (i) he is one of the makers of this Deed, (ii) he executed this Deed as Attorney in Fact and (iii) the full and actual consideration (as defined in N.J.S.A. 46:15-5) paid for the Property is $6,195,000.00.

EDWARD WACKS
ATTORNEY AT LAW
OF NEW JERSEY

TITLE INSURANCE COMMITMENT

Issued by Acres Land Title Agency, Inc.

AGENT FOR CHICAGO TITLE INSURANCE COMPANY

Commitment Number: 298260

SCHEDULE A

LEGAL DESCRIPTION

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Town of Morristown in the County of Morris, State of NJ:

Tract One:

BEGINNING at the northwesterly side of Market Street at the southerly corner of land of the New York Telephone Company; thence (1) Along the southwesterly line of the land of the said Telephone Company North 37 degrees 33 minutes West 95.78 feet to the southeasterly side of Bank Street; THENCE (2) Along said side of Bank Street, South 45 degrees 4 minutes West 50 feet to an iron stake; THENCE (3) South 37 degrees 22 minutes East 89.62 feet to the said side of Market Street; THENCE (4) Along said side of Market Street, North 52 degrees 10 minutes East 50 feet to the point and place of BEGINNING. According to a survey made by F.S. Smith, C.E. July, 1900.

Also a small strip of adjoining the tract above described which strip in a deed made by New York Telephone Company to the said Archibald S. Kirkpatrick dated November 25, 1919 and recorded in the Morris County Clerk's Office in Book T-25, Page 264 et seq. for said County, is described as follows:

BEGINNING at a point in the intersection of the easterly line of Bank Street and the southerly property line of the New York Telephone Company, as set forth in a deed to said Company, recorded in the office of the Clerk of Morris County, New Jersey, on September 25, 1909 in Book A-20 of Deeds, pages 88 et seq., running thence easterly along the said southerly line a distance of approximately 50 feet, to a point in the southerly wall of the building of said New York Telephone Company, as now existing; thence westerly in an irregular manner along the face of the said southerly wall of the said building a distance of approximately 50 feet to a point in the easterly line of Bank Street and thence southerly along said Bank Street a distance of approximately one foot seven and five-eights inches to the point or place of BEGINNING; being an irregular strip or gore of land about 18 inches wide at Bank Street and diminishing in width to nothing at the easterly end of said strip or gore.

Tract Two:

BEGINNING in the northwesterly side line of Market Street, at the southerly corner of lands conveyed by F.C. Jones Realty Company to Archibald S. Kirkpatrick by deed dated July 29, 1919, and recorded in the Morris County Clerk's Office in Deed Book M-25 on Page 10; and running thence (1) Along the northwesterly side line of Market Street South 52 degrees 10 minutes West 114.21 feet to the northeasterly side of 3 foot passage way forming the southwesterly boundary of the

Commitment No. 298260

herein described or herein conveyed premises; THENCE (2) Along the northeasterly side line of said passage way, North 37 degrees 41 minutes West 73.73 feet to the southeasterly side line of Bank Street; THENCE (3) Along the southeasterly side line of Bank Street, North 36 degrees 13 minutes East 30.26 feet; THENCE (4) Along the southeasterly side line of Bank Street, North 44 degrees 49 minutes East 86.52 feet to a point in range with the southwesterly wall of the building on the hereinbefore mentioned Kirkpatrick lot; THENCE (5) To and along the said building being the southwesterly line of said Kirkpatrick lot, South 37 degrees 22 minutes East 93.07 feet to the point and place of BEGINNING.

Being also described in accordance with a survey prepared by Richard F. Smith, Jr., Professional Land Surveyor dated March 4, 2015, last revised March 26, 2015, as follows:

Tract One: (Tax Lot 13 in Block 6001)

BEGINNING at the point in the northwesterly sideline of Market Street, a 49.5 foot wide right of way as described at Book "B" of roads at page 196, where the same is intersected by the division line between lands herein described and lands now or formerly of Harry & Lisa Simon as described in Deed Book 20669 at page 398, said division line formed by the seam between multi-story masonry building located on the lands herein described and adjacent multi-story brick building and running; THENCE

(1) Along the lands of Harry & Lisa Simon, North 48 degrees 47 minutes 31 seconds West, 89.20 feet to the point in the easterly sideline of Bank Street, also known as U.S. Route 202, variable width right of way, said point is located at the seam formed by the two above mentioned buildings; THENCE

(2) Along the easterly sideline of Bank Street, North 33 degrees 20 minutes 18 seconds East, 51.64 feet to the point of intersection between lands herein described and lands now or formerly of Thirty One-Thirty Three Market Street L.L.C. as described in Deed Book 4319 at page 185, said point is located 0.3 foot northwesterly from the building seam formed by the corner of the building located on the lands herein described and the corner of the adjacent multi-story brick building; THENCE

(3) Along the lands of Thirty One-Thirty Three Market Street L.L.C., South 47 degrees 03 minutes 05 seconds East, 46.18 feet to an angle point in the same; THENCE

(4) Along the same, South 48 degrees 57 minutes 42 seconds East, 49.72 feet to a point in the northwesterly sideline of Market Street, said point is located at the building seam formed by the corner of the two above mentioned buildings; THENCE

(5) Along the northwesterly sideline of Market Street and the building located on the lands herein described, South 40 degrees 45 minutes 18 seconds West, 49.90 feet to the point and place of BEGINNING.

SCHEDULE C (continued)
Legal Description

Commitment No. 298260

Tract Two: (Tax Lot 14 in Block 6001)

BEGINNING at the corner of a multi-story brick building located in the northwesterly sideline of Market Street, a 49.5 foot wide right of way as described in Book "B" of roads at page 196, where the same is intersected by the division line between lands herein described and the northeasterly sideline of a 3 foot wide passageway, and running; THENCE

(1) Along the above mentioned building and the northeasterly sideline of a 3 foot wide passageway, North 49 degrees 11 minutes 55 seconds West, 69.48 feet to a corner of the same building located at the easterly sideline of Bank Street, also known as U.S. Route 202, variable width right of way; THENCE

(2) Along the above mentioned building and the easterly sideline of Bank Street, North 24 degrees 36 minutes 28 seconds East, 31.16 feet to an angle point of Bank Street's easterly sideline; THENCE

(3) Along the easterly sideline of Bank Street, North 33 degrees 20 minutes 18 seconds East, 85.66 feet to a point of intersection between lands herein described and lands now or formerly of Harry & Lisa Simon as described in Deed Book 20669 at page 392, said point is located at the seam between the above mentioned building and the adjacent multi-story Masonry Building; THENCE

(4) Along the lands of Harry & Lisa Simon, South 48 degrees 47 minutes 31 seconds East, 89.20 feet to a point in the northwesterly sideline of Market Street, said point is located at the seam formed by the corners of the two above mentioned buildings; THENCE

(5) Along the northwesterly sideline of Market Street and the building located on the lands herein described, South 40 degrees 45 minutes 18 seconds West 114.22 feet to the point and place of BEGINNING.

NOTE FOR INFORMATIONAL PURPOSES ONLY: Being known and designated as Lots 13 and 14, Block 6001 on the Tax Map in the Town of Morristown in the County of Morris, State of NJ

GIT/REP-3
(5-12)

State of New Jersey
SELLER'S RESIDENCY CERTIFICATION/EXEMPTION
(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions, Page 2)

Names(s)
HARRY SIMON,

Current Resident Address:
Street: PO BOX 1793

City, Town, Post Office	State	Zip Code
MORRISTOWN	NJ	07960

PROPERTY INFORMATION (Brief Property Description)

Block(s)	Lot(s)	Qualifier
6001	13 & 14	

Street Address:
35-41 MARKET STREET

City, Town, Post Office	State	Zip Code
MORRISTOWN	NJ	07960

Seller's Percentage of Ownership	Consideration	Closing Date
55%	$3,407,250	4/8/2015

SELLER ASSURANCES (Check the Appropriate Box) (Boxes 2 through 10 apply to Residents and Non-residents)

1. I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
6. The total consideration for the property is $1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. The gain from the sale will not be recognized for Federal Income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale (see instructions).

   No non-like kind property received.
8. Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.
9. The property being sold is subject to a short sale instituted by the mortgagee, whereby the seller has agreed not to receive any proceeds from the sale and the mortgagee will receive all proceeds paying off an agreed amount of the mortgage.
10. The deed being recorded is a deed dated prior to the effective date of P.L. 2004, c. 55 (August 1, 2004), and was previously unrecorded.

SELLER(S) DECLARATION

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

4/8/15
Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

GIT/REP-1
(6-10)

State of New Jersey
NONRESIDENT SELLER'S TAX DECLARATION
(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION

Name(s)

LISA SIMON N/K/A LISA LANTERMAN ,

Street Address:

242 LANDIS DRIVE

City, Town, Post Office	State	Zip Code
LANCASTER	PA	17602

PROPERTY INFORMATION (Brief Property Description)

Block(s)	Lot(s)	Qualifier
6001	13 & 14	

Street Address:

35-41 MARKET STREET

City, Town, Post Office	State	Zip Code
MORRISTOWN	NJ	07960

Seller's Percentage of Ownership	Consideration	Closing Date
45%	$2,787,750	4/8/2015

SELLER(S) DECLARATION

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

4/8/15
Date

P.O.A.
Signature (Seller) Please indicate if Power of Attorney or Attorney in Fact

Date

Signature (Seller) Please indicate if Power of Attorney or Attorney in Fact

(Detach on dotted line)

NJ
1040-ES

Calendar Year - Due

I - OFFICIAL USE ONLY

New Jersey Gross Income Tax
Declaration of Estimated Tax–VOUCHER

YOUR SOCIAL SECURITY NUMBER
148-60-4589

SPOUSE/CIVIL UNION PARTNER SOCIAL SECURITY NUMBER

LAST NAME, FIRST NAME AND INITIAL
LANTERMAN, LISA

STREET ADDRESS
242 LANDIS DRIVE

CITY, STATE ZIP CODE
LANCASTER, PA 17602

Be sure to include your social security number on your check or money order to ensure proper credit for this payment

Indicate the return for which payment is being made by checking the appropriate box:

N 16 ☒ NJ-1040NR F 26 ☐ NJ-1041

Make Checks Payable To: State of NJ-Div. of Taxation

AMOUNT OF THIS PAYMENT $ 55,755.00

01209

RTF-1 (Rev. 7/14/10)
MUST SUBMIT IN DUPLICATE

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER
(Chapter 49, P.L.1968, as amended through Chapter 33, P.L. 2006) (N.J.S.A. 46:15-5 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY } SS. County Municipal Code 1424

COUNTY MORRIS

MUNICIPALITY OF PROPERTY LOCATION MORRISTOWN

FOR RECORDER'S USE ONLY
Consideration $ ____
RTF paid by seller $ ____
Date ____ By ____
*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(Instructions #3 and #4 on reverse side)*

Deponent, HARRY SIMON (Name), being duly sworn according to law upon his/her oath, deposes and says that he/she is the GRANTOR (Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.) in a deed dated April 8, 2015 transferring real property identified as Block number 6001 Lot number 13 & 14 located at 35-37 Market Street, Morristown & 41 MARKET STREET, MORRISTOWN (Street Address, Town) and annexed thereto.

(2) CONSIDERATION $ 6,195,000.00 *(Instructions #1 and #5 on reverse side)* [X] no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:
(Instructions #5A and #7 on reverse side)

Total Assessed Valuation ÷ Director's Ratio = Equalized Assessed Valuation

$ ~~675,000.00~~ 2,595,000 ÷ 85.53% = $ ~~789,196.77~~ 3,010,639.54

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

(4) FULL EXEMPTION FROM FEE *(Instruction #8 on reverse side)*
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through C. 66, P.L. 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE *(Instruction #9 on reverse side)*
NOTE: All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by C. 176, P.L. 1975, C. 113, P.L. 2004, and C. 66, P.L. 2004 for the following reason(s):

A. SENIOR CITIZEN Grantor(s) [ ] 62 years of age or over.* *(Instruction #9 on reverse side for A or B)*
B. BLIND PERSON Grantor(s) [ ] legally blind or; *
DISABLED PERSON Grantor(s) [ ] permanently and totally disabled [ ] receiving disability payments [ ] not gainfully employed*

Senior citizens, blind persons, or disabled persons must also meet all of the following criteria:
[ ] Owned and occupied by grantor(s) at time of sale. [ ] Resident of State of New Jersey.
[ ] One or two-family residential premises. [ ] Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. LOW AND MODERATE INCOME HOUSING *(Instruction #9 on reverse side)*
[ ] Affordable according to H.U.D. standards. [ ] Reserved for occupancy.
[ ] Meets income requirements of region. [ ] Subject to resale controls.

(6) NEW CONSTRUCTION *(Instructions #2, #10, #12 on reverse side)*
[ ] Entirely new improvement. [ ] Not previously occupied.
[ ] Not previously used for any purpose. [ ] "NEW CONSTRUCTION" printed clearly at top of first page of the deed.

(7) RELATED LEGAL ENTITIES TO LEGAL ENTITIES *(Instructions #5, #12, #14 on reverse side)*
[ ] No prior mortgage assumed or to which property is subject at time of sale.
[ ] No contributions to capital by either grantor or grantee legal entity.
[ ] No stock or money exchanged by or between grantor or grantee legal entities.

(8) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006.

Subscribed and sworn to before me this 8 day of APRIL, 2015

Signature of Deponent — HARRY SIMON, Grantor Name

PO Box 1793, Morristown, NJ — Deponent Address
PO Box 1793, Morristown, NJ — Grantor Address at Time of Sale

XXX-XXX- 9 8 6 — Last three digits in Grantor's Social Security Number
Acres Land Title Agency, Inc. — Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY
Instrument Number ____ County ____
Deed Number ____ Book ____ Page ____
Deed Dated ____ Date Recorded ____

County recording officers shall forward one copy of each RTF-1 form when Section 3A is completed to:
STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

RTF-1 (Rev. 7/14/10)
MUST SUBMIT IN DUPLICATE

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER
(Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006) (N.J.S.A. 46:15-5 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY
} SS. County Municipal Code 1424
COUNTY MORRIS

FOR RECORDER'S USE ONLY
Consideration $ ____
RTF paid by seller $ ____
Date ____ By ____
*Use symbol "C" to indicate that fee is exclusively for county use.

MUNICIPALITY OF PROPERTY LOCATION MORRISTOWN

(1) PARTY OR LEGAL REPRESENTATIVE (Instructions #3 and #4 on reverse side)

Deponent, Lisa Simon n/k/a Lisa Lanterman (Name), being duly sworn according to law upon his/her oath, deposes and says that he/she is the GRANTOR (Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.) in a deed dated APRIL 6, 2015 transferring real property identified as Block number 6001 Lot number 13 + 14 located at 35-37 Market Street, Morristown 5 41 Market St., Morristown (Street Address, Town) and annexed thereto.

(2) CONSIDERATION $ 6,195,000.00 (Instructions #1 and #5 on reverse side) [X] no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:
(Instructions #5A and #7 on reverse side)

Total Assessed Valuation ÷ Director's Ratio = Equalized Assessed Valuation

$ ~~675,900.00~~ 2,575,000 ÷ 85.53% = $ ~~789,196.77~~ 3,010,639.54

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

(4) FULL EXEMPTION FROM FEE (Instruction #8 on reverse side)
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through C. 66, P.L. 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE (Instruction #9 on reverse side)
NOTE: All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by C. 176, P.L. 1975, C. 113, P.L. 2004, and C. 66, P.L. 2004 for the following reason(s):

A. SENIOR CITIZEN Grantor(s) [ ] 62 years of age or over.* (Instruction #9 on reverse side for A or B)
B. BLIND PERSON Grantor(s) [ ] legally blind or; *
DISABLED PERSON Grantor(s) [ ] permanently and totally disabled [ ] receiving disability payments [ ] not gainfully employed*

Senior citizens, blind persons, or disabled persons must also meet all of the following criteria:
[ ] Owned and occupied by grantor(s) at time of sale.
[ ] One or two-family residential premises.
[ ] Resident of State of New Jersey.
[ ] Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. LOW AND MODERATE INCOME HOUSING (Instruction #9 on reverse side)
[ ] Affordable according to H.U.D. standards.
[ ] Meets income requirements of region.
[ ] Reserved for occupancy.
[ ] Subject to resale controls.

(6) NEW CONSTRUCTION (Instructions #2, #10, #12 on reverse side)
[ ] Entirely new improvement.
[ ] Not previously used for any purpose.
[ ] Not previously occupied.
[ ] "NEW CONSTRUCTION" printed clearly at top of first page of the deed.

(7) RELATED LEGAL ENTITIES TO LEGAL ENTITIES (Instructions #5, #12, #14 on reverse side)
[ ] No prior mortgage assumed or to which property is subject at time of sale.
[ ] No contributions to capital by either grantor or grantee legal entity.
[ ] No stock or money exchanged by or between grantor or grantee legal entities.

(8) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006.

Subscribed and sworn to before me this 8 day of APRIL, 2015

Signature of Deponent — Lisa Simon n/k/a Lisa Lanterman, Grantor Name

PO Box 1793, Morristown, NJ — Deponent Address
PO Box 1793, Morristown, NJ — Grantor Address at Time of Sale

XXX-XXX- 5 8 9 — Last three digits in Grantor's Social Security Number
Acres LandTitle Agency, Inc. — Name/Company of Settlement Officer

ATTORNEY AT LAW
OF NEW JERSEY

FOR OFFICIAL USE ONLY
Instrument Number ____ County ____
Deed Number ____ Book ____ Page ____
Deed Dated ____ Date Recorded ____

County recording officers shall forward one copy of each RTF-1 form when Section 3A is completed to:
STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

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

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION FOR USE BY BUYER
(Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006) (N.J.S.A. 46:15-5 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM

STATE OF NEW JERSEY
}SS. County Municipal Code 1424
COUNTY OF ______

MUNICIPALITY OF PROPERTY LOCATION Morristown

FOR RECORDER'S USE ONLY
Consideration $______
RTF paid by buyer $______
Date ______ By ______

(1) PARTY OR LEGAL REPRESENTATIVE *(See Instructions #3 and #4 on reverse side)* XX-XXXX-907
Last 3 Digits of Grantee's EIN

Deponent, Peter Brosens, being duly sworn according to law upon his/her oath, (Name) deposes and says that he/she is the Manager of Grantee in a deed dated April , 2015 transferring (Grantor, Grantee, Legal Representative, Corporate Officers, Office of Title Co., Lending Institution, etc.)

real property identified as Block number 6001 Lot numbers 13 and 14 located at 35-37 Market Street and 41 Market Street and annexed thereto.
(Street Address, Town)

(2) CONSIDERATION $6,195,000.00 *(See instructions #1, #5, and #11 on reverse side)*

Entire consideration is in excess of $1,000,000:

PROPERTY CLASSIFICATION CHECKED OR CIRCLED BELOW IS TAKEN FROM OFFICIAL ASSESSMENT LIST (A PUBLIC RECORD) OF MUNICIPALITY WHERE THE REAL PROPERTY IS LOCATED IN THE YEAR OF TRANSFER. REFER TO N.J.A.C. 18:12-2.2 ET SEQ.

(A) Grantee required to remit 1% fee, complete (A) by checking off appropriate box or boxes below:

☐ Class 2 - Residential
☐ Class 3A - Farm property (Regular) and any other real property transferred to same grantee in conjunction with transfer of Class 3A property
☒ Class 4A - Commercial Properties (If checked, calculation in (E) required below)
☐ Cooperative unit (four families or less) (See C. 46:8D-3.) Cooperative units are Class 4C.

(B) Grantee is not required to remit 1% fee (one or more of following classes being conveyed), complete (B) by checking off appropriate box or boxes below.

☐ Property class. **Circle applicable class or classes:** 1 3B 4B 4C 15
Property classes: 1-Vacant Land; 3B-Farm property (Qualified); 4B-Industrial properties, 4C-Apartments; 15: Public Property, etc. (N.J.A.C. 18:12-2.2 et seq.)
☐ Exempt organization determined by federal Internal Revenue Service/Internal Revenue Code of 1986, 26 U.S.C. s. 501.
☐ Incidental to corporate merger or acquisition; equalized assessed valuation less than 20% of total value of all assets exchanged in merger of acquisition. If checked, calculation in (E) required and **MUST ATTACHED COMPLETED RTF-4.**

(C) When grantee transfers properties involving block(s) and lot(s) of two or more classes in one deed, one or more subject to the 1% fee (A), with one or more than one not subject to the 1% fee (B), pursuant to N.J.S.A. 46:15-7.2, complete (C) by checking off appropriate box or boxes and (D).

☐ Property class. **Circle applicable class or classes:** 1 2 3B 4A 4B 4C 15

(D) EQUALIZED VALUE CALCULATION FOR ALL PROPERTIES CONVEYED, WHETHER THE 1% FEE APPLIES OR DOES NOT APPLY
Total Assessed Valuation ÷ Director's Ratio = Equalized Valuation

Property Class ____ $______ ÷ ______% = $______
Property Class ____ $______ ÷ ______% = $______
Property Class ____ $______ ÷ ______% = $______
Property Class ____ $______ ÷ ______% = $______

(E) REQUIRED EQUALIZED VALUE CALCULATION FOR ALL CLASS 4A (COMMERICAL) PROPERTY TRANSACTIONS: (See instructions #6 and #7 on reverse side)
Total Assessed Valuation ÷ Director's Ratio = Equalized Valuation

$2,575,000 ÷ 85.53% = $3,010,639.54

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

(3) TOTAL EXEMPTION FROM FEE *(See instruction #8 on reverse side)*
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through C. 66, P.L. 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

______

(4) Deponent makes Affidavit of Consideration for Use by Buyer to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith pursuant to the provisions of Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006.

Subscribed and sworn to before me this day of April, 2015

NOTARY PUBLIC

SANDERS M. CHATTMAN
An Attorney At Law of New Jersey

Signature of Deponent

Same as Grantee
Deponent Address

35-41 Market Street JV LLC
Grantee Name

225 Millburn Ave., Suite 101, Millburn, NJ
Grantee Address at Time of Sale

Acres Land Title Agency, Inc.
Name/Company of Settlement Officer

County Recording Officers: forward one copy of each RFT-1EE to:
STATE OF NEW JERSEY - DIVISION OF TAXATION
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

FOR OFFICIAL USE ONLY
Instrument Number ______ County ______
Deed Number ______ Book ______ Page ______
Deed Dated ______ Dated Recorded ______

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

Exhibit 8

NARRATIVE DESCRIPTION OF PROJECT

The project to be constructed is a mixed-use building with residential and retail uses. It will include 54 residential dwelling units, with 10 studios, 30 one bedroom units and 14 two bedroom units, comprising approximately 43,048 SF of rentable area. The building will also include approximately 19,000 SF of retail space. In addition, there will be a rooftop amenity of approximately 3,298 SF.

The project is intended to provide upscale market rate rental housing, with high levels of fit and finish, such as stainless steel appliances, stone countertops and hardwood flooring. The building will include residential amenities, including a fitness center, resident lounge and in-unit washer and dryers.

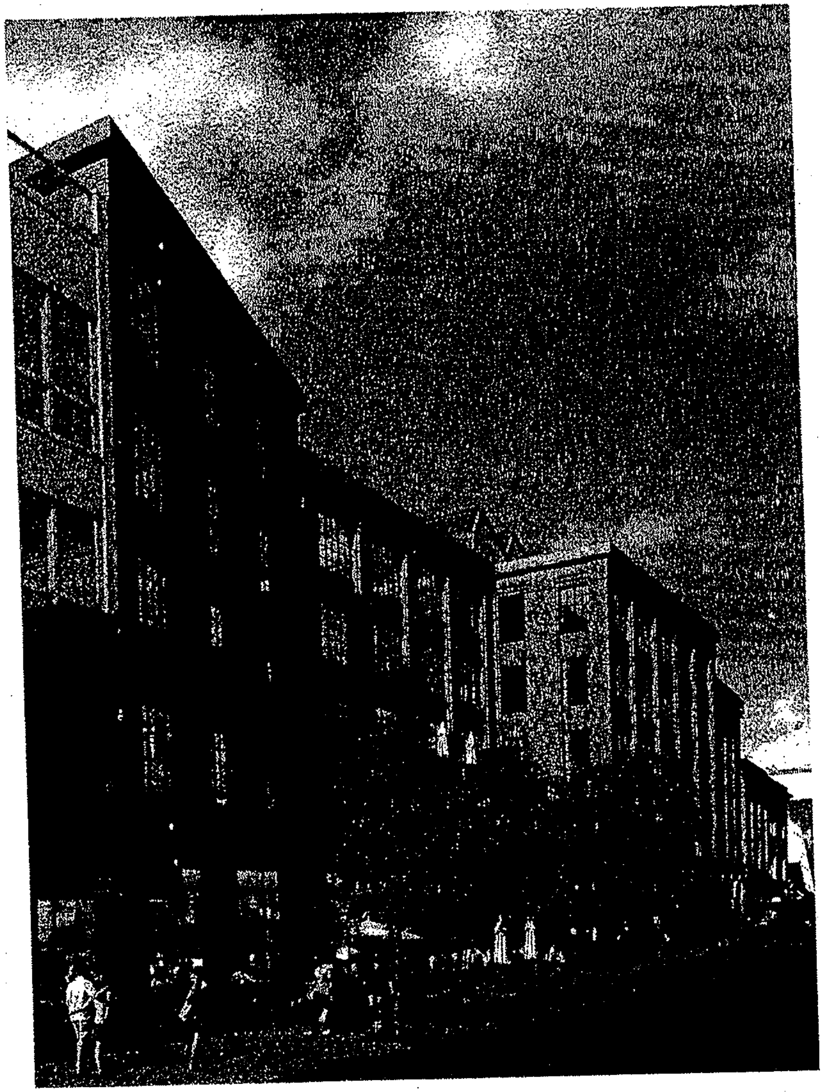
Parking for the project will be provided by contract with the Morristown Parking Authority.

Attached as Exhibit 9 are plans and renderings that provide a clear perspective on the proposed improvements.

Exhibit 9

SITE PLAN AS APPROVED BY PLANNING BOARD

See attached site plan

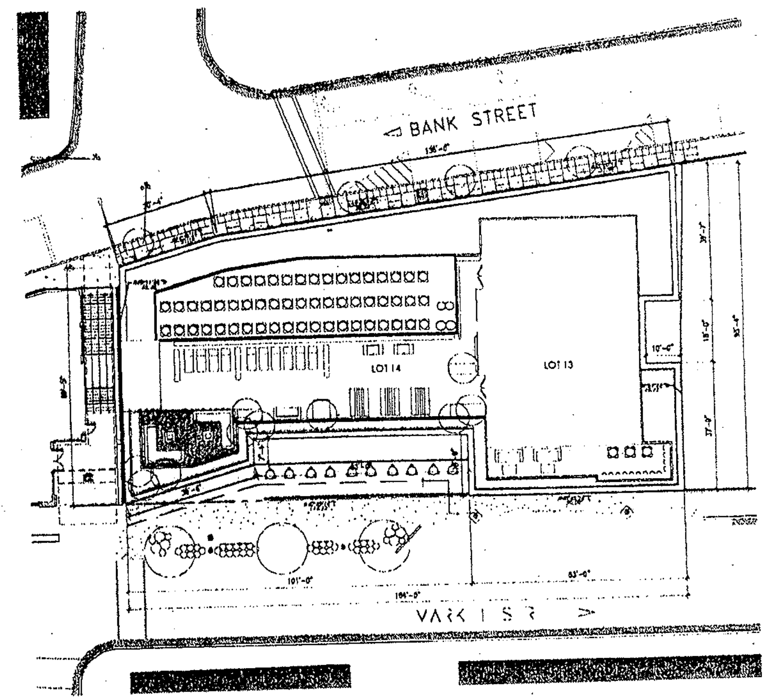


1 MARKET STREET RENDER VIEW
SCALE: N.T.S.

SITE PLAN APPROVAL DRAWINGS FOR:

45 MARKET STREET

54 UNIT MIXED USE DEVELOPMENT
BLOCK 6001 LOT 13,14
MORRISTOWN, N.J. 07960



2 SITE PLAN
SCALE: 1/16" = 1'-0"

PROJECT DATA

BLOCK NUMBER	6001
LOT NUMBER	13,14
ZONING DISTRICT	MARKET + BANK RDP
LOT AREA	13,021 SF
BUILDING FOOTPRINT	13,012 SF
RETAIL FLOOR AREA	19,010 SF
RESIDENTIAL FLOOR AREA	61,420 SF
DWELLING UNITS	54 UNITS
PARKING SPACES	0 SPACES

SITE PLAN DATA

SITE PLAN DATA IS TAKEN FROM MORRISTOWN TAX MAPS & SANBORN MAPS, AND FROM A SITE SURVEY DATED 3/04/2015

PREPARED BY:
SMITH SURVEYING, INC
28 SHUTLER PLACE
MORRISTOWN, NEW JERSEY, 07960

RICHARD F SMITH JR.
P.L.S. 24GS02504600, PP 33LI00250700

DRAWING LIST

C1 SITE PLAN & RENDERING
A1 BANK STREET GROUND FLOOR PLAN
A2 MARKET STREET GROUND FLOOR PLAN
A3 SECOND-THIRD FLOOR PLAN
A4 FOURTH FLOOR PLAN
A5 FIFTH FLOOR PLAN
A6 ROOF PLAN
A7 BUILDING ELEVATIONS
A8 BUILDING SECTION

APPROVALS

I HAVE REVIEWED THIS SITE PLAN AND CERTIFY THAT IT COMPLIES WITH ALL APPROVALS GRANTED BY THE APPROVING AUTHORITY.

TOWNSHIP ENGINEER — DATE

APPROVED BY THE PLANNING BOARD OF THE TOWN OF MORRISTOWN.

CHAIRMAN — DATE

SECRETARY — DATE

Marchetto Higgins Stieve

1225 Willow Avenue
Hoboken, NJ 07030

201-795-1505 P
201-795-0171 F

MHSArchitects.com

Prepared For:
35-41 Market Street JV LLC
225 Millburn Ave, Suite 101
Millburn, NJ 07041

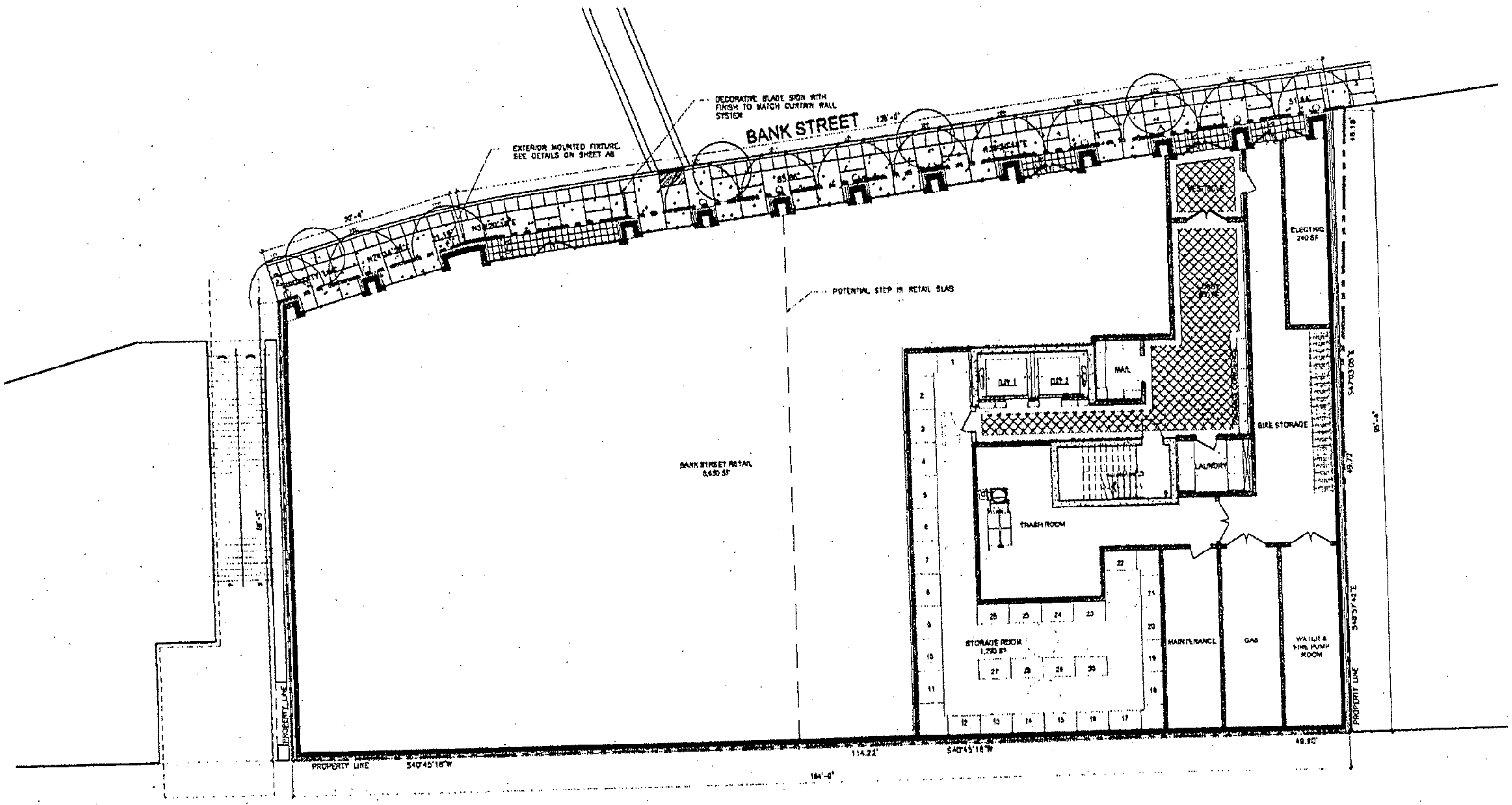
Project Name:
45 Market Street
Morristown, NJ 07960

Job Number: 201518
Scale: AS NOTED
Drawn By: ML,DK,JS,DS

Issue Date		For
	1	PRELIMINARY & FINAL SITE PLAN

SITE PLAN & RENDERING

C1



1 BANK STREET GROUND FLOOR SITE PLAN
SCALE: 1/8" = 1'-0"

GENERAL NOTES

1. ALL WORK DESCRIBED SHALL CONFORM TO AND BE CONSTRUCTED UNDER THE PROVISIONS OF THE IBC CODE, LATEST EDITION, ALL APPLICABLE CODES OF THE STATE OF NEW JERSEY AS WELL AS ALL REQUIREMENTS OF THE TOWN OF MORRISTOWN, N.J.

SITE NOTES

1. REFER TO CIVIL DRAWINGS FOR ALL UNDERGROUND UTILITY LOCATIONS SIZES AND DETAILING.
2. REFER TO CIVIL DRAWINGS FOR ALL STORM WATER RUNOFF AND RETENTION INFORMATION.
3. REFER TO CIVIL & LANDSCAPE DRAWINGS FOR SITE DETAILS, CONDITIONS AND LANDSCAPING DETAILS.

TRASH & RECYCLING

ALL TRASH AND RECYCLING SHALL BE STORED IN TRASH AND RECYCLING ROOM UNTIL DAY OF SCHEDULED PICKUP. NO TRASH SHALL BE HELD ON PUBLIC SIDEWALKS.

Marchetto Higgins Stieve

1225 Willow Avenue
Hoboken, NJ 07030

201-795-1505 P
201-795-0173 F

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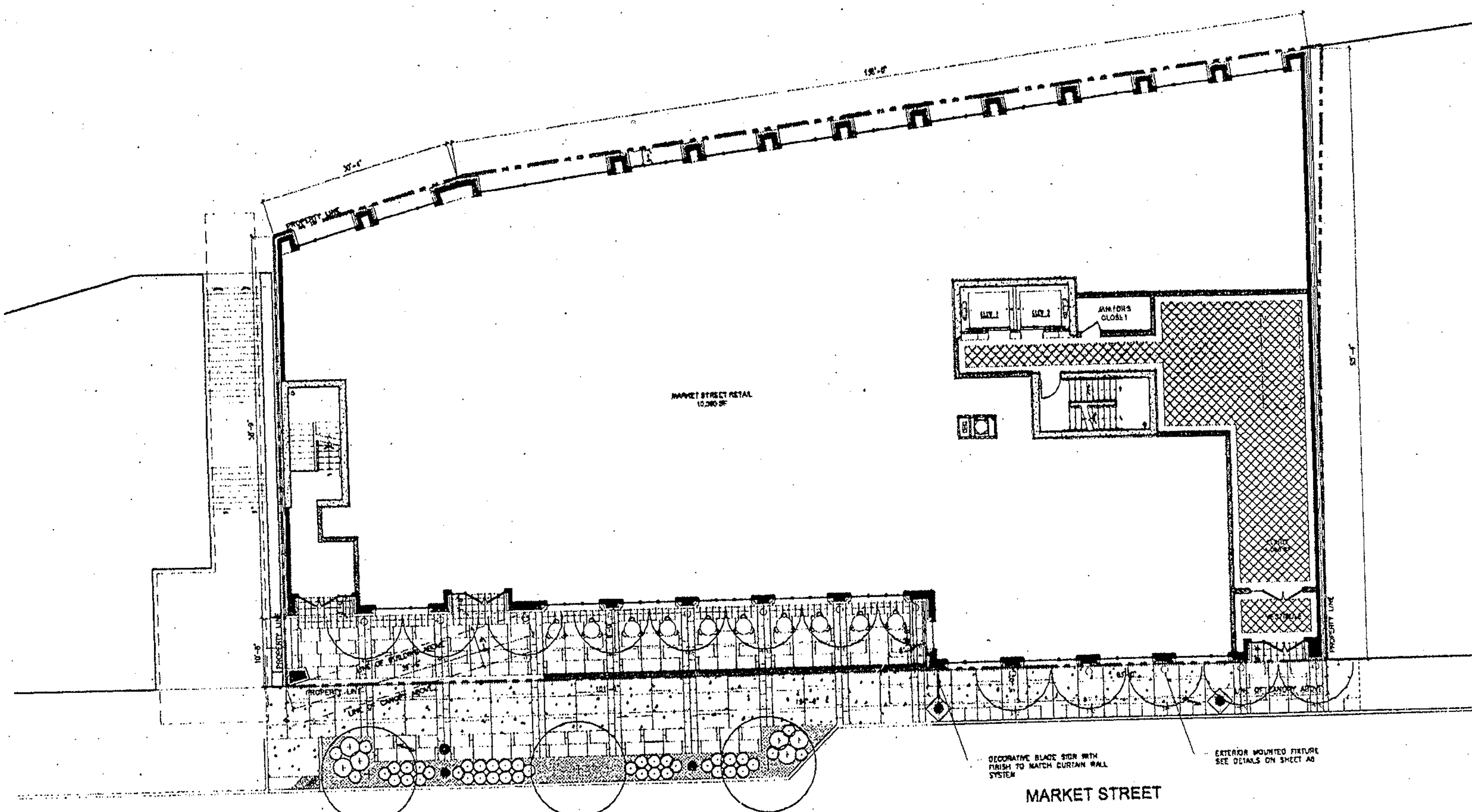
01.MAR.2017	PRELIMINARY & FINAL SITE PLAN

BANK ST. GROUND FLOOR PLAN **A1**



1 MARKET STREET GROUND FLOOR SITE PLAN
SCALE: 1/8" = 1'-0"

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Planning
Urban Design

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Drawn By	

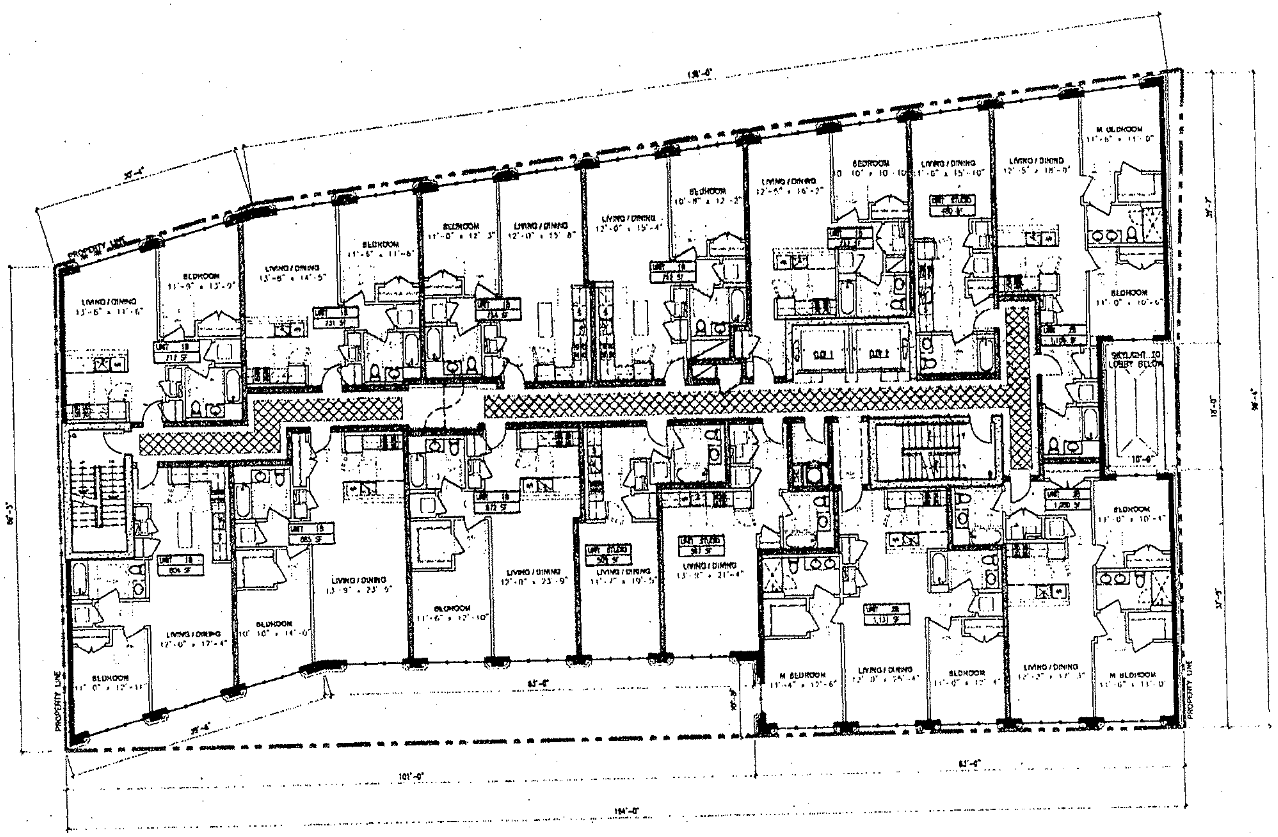
Issue Date	For:
01.MAR.2017	PRELIMINARY & FINAL SITE PLAN

MARKET ST.
GROUND
FLOOR PLAN

A2

UNIT PERCENTAGE

10 -	STUDIO UNITS	18%
30 -	1 BEDROOM UNITS	56%
14 -	2 BEDROOM UNITS	26%
54 -	TOTAL UNITS	100%



1 SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"

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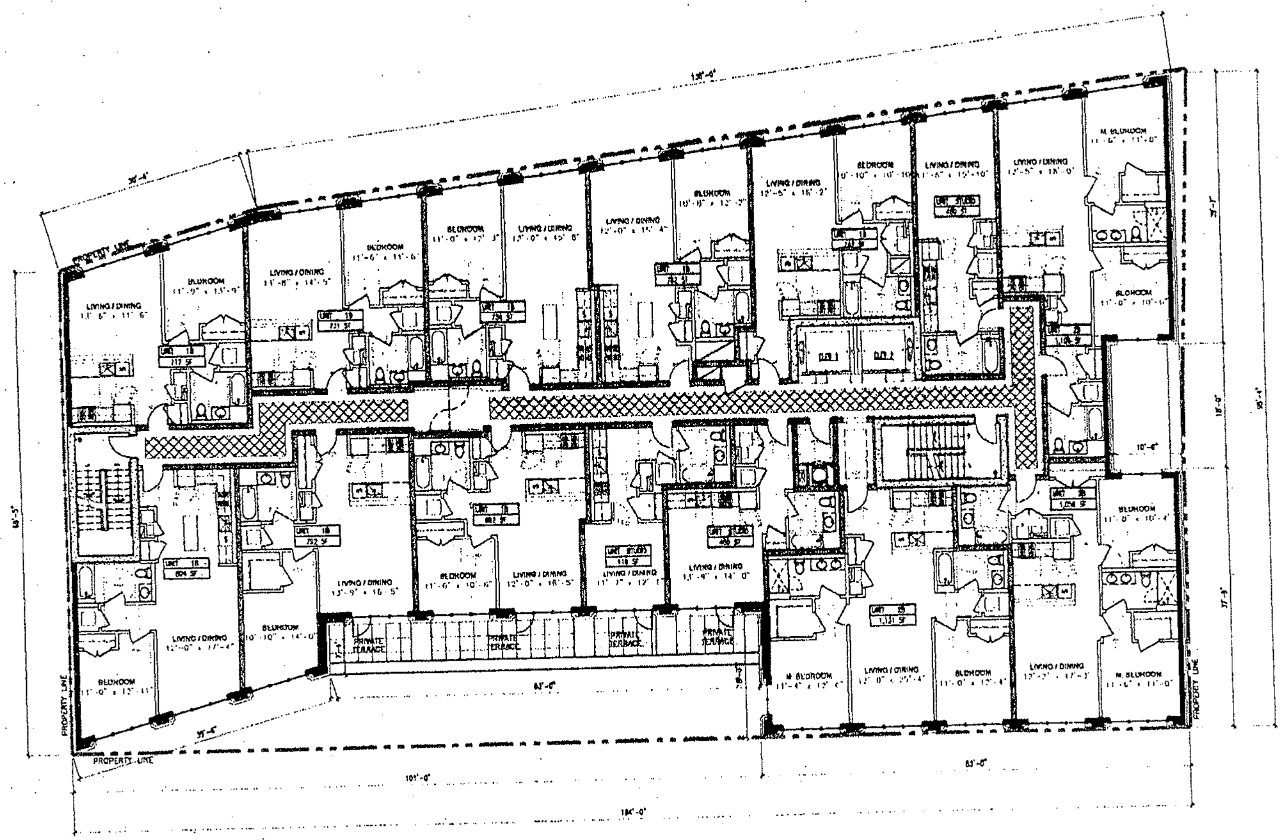
Drawn By WL,DR,JS,DS

Issue	
Date	For
01_MAR_2017	PRELIMINARY & FINAL SITE PLAN

SECOND
FLOOR PLAN

A3



1 THIRD FLOOR PLAN
SCALE: 1/8" = 1'-0"

Marchetto Higgins Stieve

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JV LLC
225 Millburn Ave, Suite 101
Millburn, NJ 07041

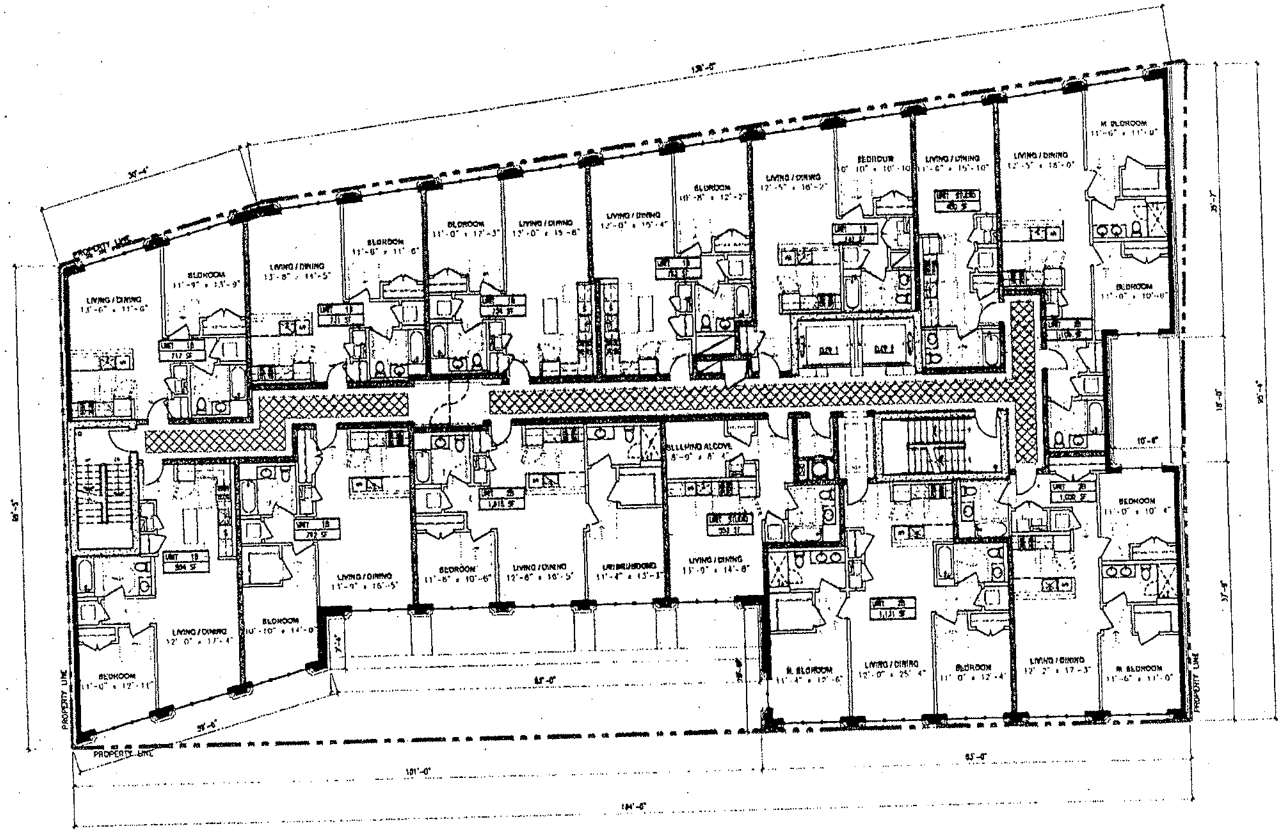
Project Name:
45 Market Street
Morristown, NJ 07960

Job Number	201518
Scale	AS NOTED

Date	For
01.JUN.2017	PRELIMINARY & FINAL SITE PLAN

THIRD
FLOOR PLAN

A4



1 4TH- 5TH FLOOR PLAN
SCALE: 1/8" = 1'-0"

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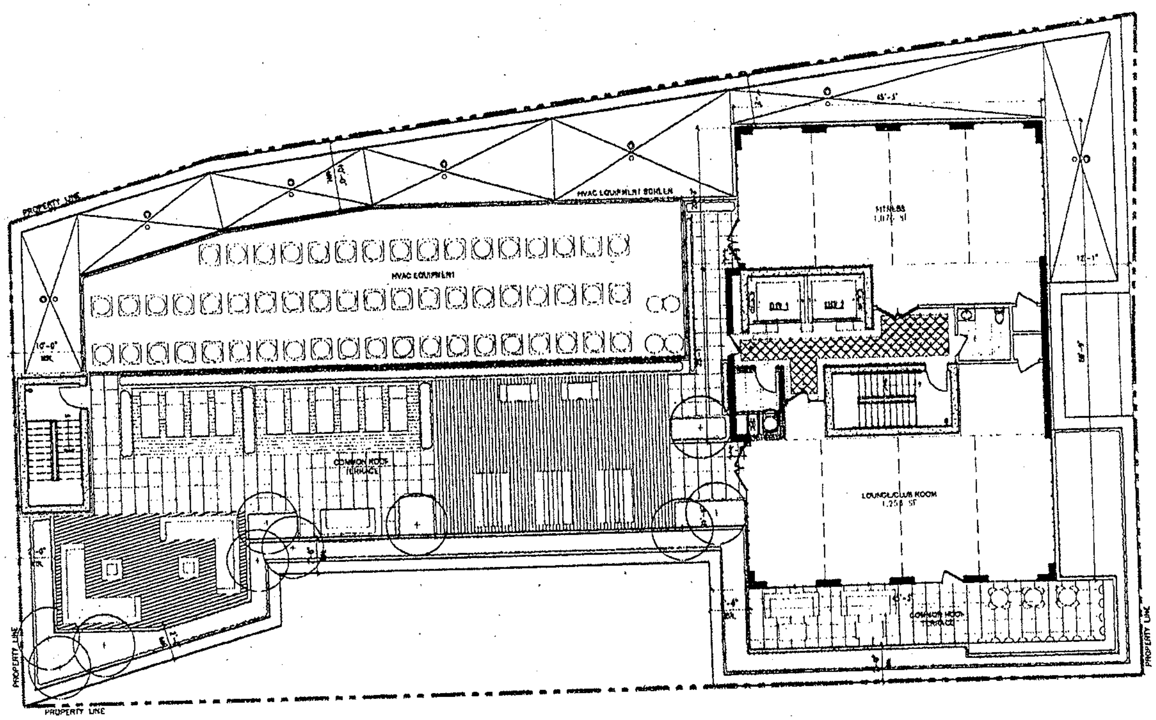
Project Name:
45 Market Street
Morristown, NJ 07960

Job Number: 201516
Scale: AS NOTED
Drawn By: ML,DM,JS,DS

Issue:	
Date:	For:
01.MAR.2017	PRELIMINARY & FINAL SITE PLAN

4TH-5TH
FLOOR PLAN

A5



1 ROOF PLAN
SCALE: 1/8" = 1'-0"

SOLARIUM AREA

TOTAL ROOFTOP AREA	12,298 SF (100%)
*SOLARIUM AREA ALLOWED:	3,689 SF (30%)
SOLARIUM AREA PROVIDED:	3,088 SF (25%)

*ALLOWABLE SOLARIUM AREA BASED ON 30% OF TOTAL ROOFTOP AREA AS PER §5.1.C.7

APPURTENANCES

TOTAL ROOFTOP AREA	12,298 SF (100%)
APPURTENANCES ALLOWED:	1,844 SF (15%)
APPURTENANCES PROVIDED:	756 SF (6%)

*ALLOWABLE ROOFTOP APPURTENANCE AREA BASED ON 15% OF TOTAL ROOFTOP AREA AS PER §5.1.C.3. INCLUDES STAIR BULKHEAD AND HVAC EQUIPMENT

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Project Name:
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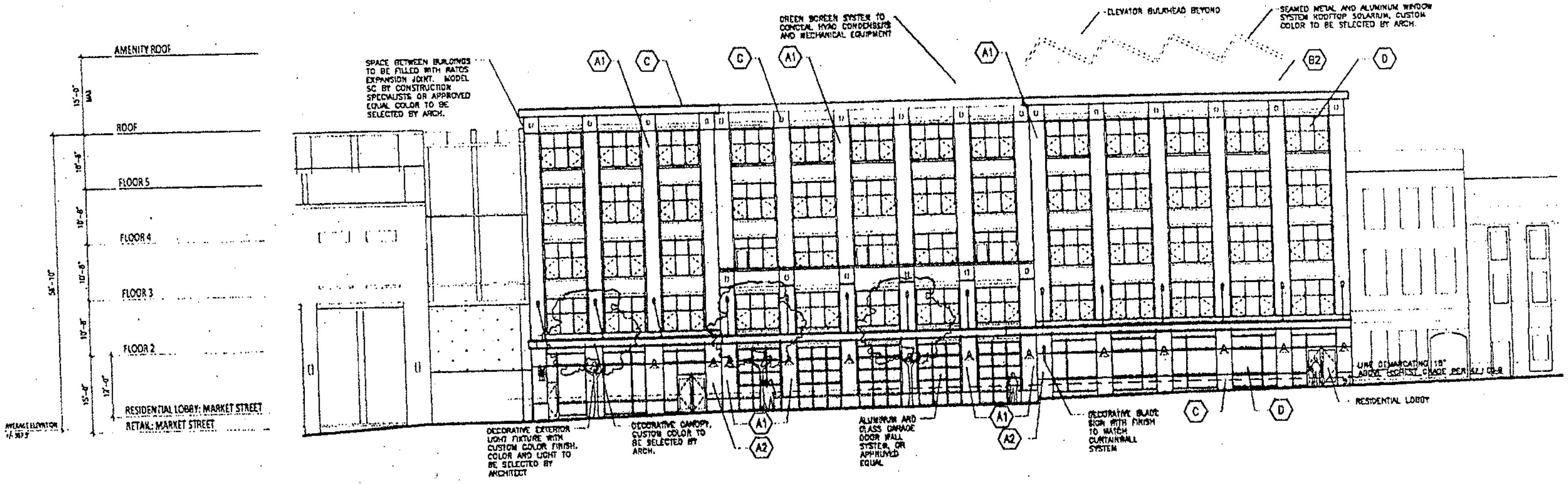
Job Number	201818
Scale	AS NOTED
Drawn By	ML,DR,JS,DS

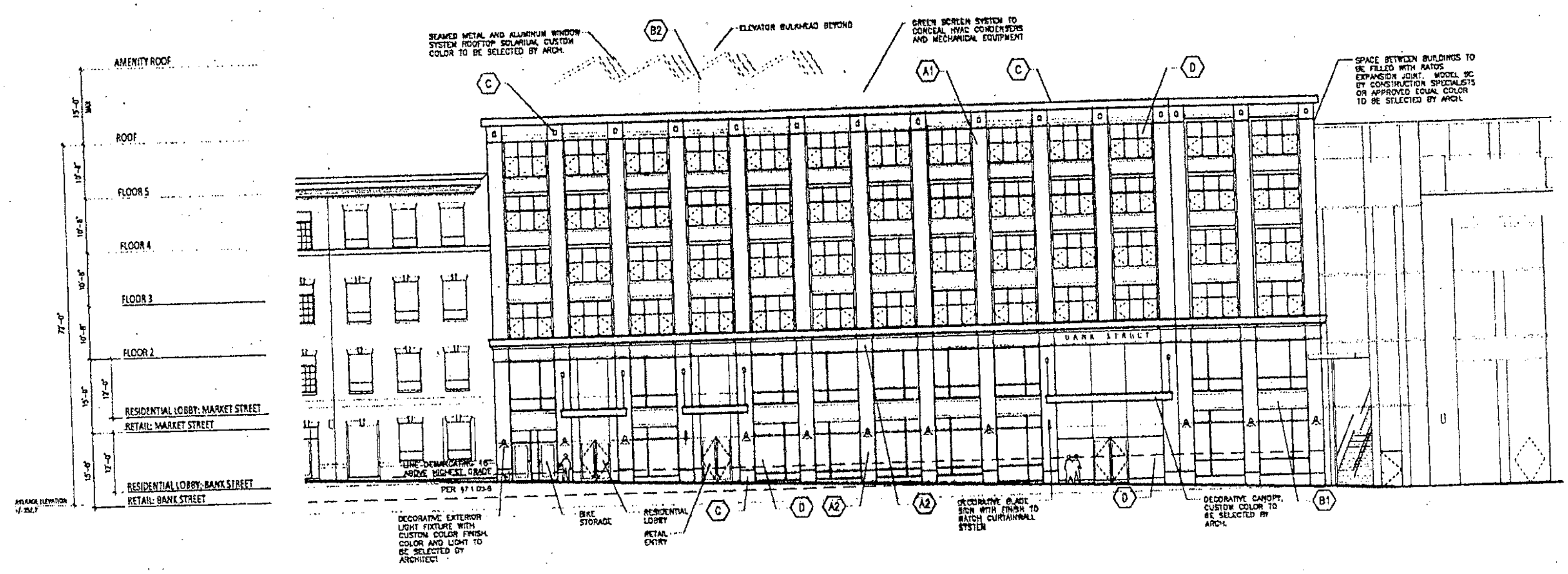
Issue	
Date	For
01.MAR.2017	PRELIMINARY & FINAL SITE PLAN

ROOF PLAN

A6



1 MARKET STREET ELEVATION
SCALE: 3/32" = 1'-0"



2 BANK STREET ELEVATION
SCALE: 3/32" = 1'-0"

EXTERIOR FINISH KEY

NOTE:
COLORS INDICATED REPRESENT BASIS-OF-DESIGN. FINAL COLOR SELECTION AND MANUFACTURER MAY VARY. FINAL COLOR SELECTION SUBJECT TO REVIEW AND APPROVAL BY OWNER AND ARCHITECT.

- **A1** BRICK A1 — CLOUD CERAMICS OR APPROVED EQUAL MODULAR SMOOTH; CHEROKEE BLEND
- **A2** BRICK A2 — CLOUD CERAMICS OR APPROVED EQUAL MODULAR SMOOTH; MANGANESE IRONSPOT
- **B1** METAL PANEL B1 — VM OR APPROVED EQUAL PRE-WEATHERED ANTHRA-ZINC METAL PANEL
- **B2** METAL PANEL B2 — VM OR APPROVED EQUAL PRE-WEATHERED QUARTZ-ZINC METAL PANEL
- **C** CAST STONE — CONTINENTAL CAST STONE OR APPROVED EQUAL GREY LIMESTONE A001-4
- **D** ALUMINUM WINDOW SYSTEM — EFCO OR APPROVED EQUAL COLOR: PROOBD BLACK

OPERABLE WINDOW CALC

	RESIDENTIAL SF	OPERABLE WINDOW SF
FLOOR 2	11,177	481
FLOOR 3	10,715	528
FLOOR 4	10,715	491
FLOOR 5	10,715	491
TOTALS FOR FLOORS 2-5	43,322	2,001

OPERABLE WINDOW SF REQ'D PER §7.1 D1-C:
43,322 X 4% = 1,732.88 SF
OPERABLE WINDOW PROVIDED: 4.6%

NOTE: SEE ELEVATIONS FOR LOCATIONS OF OPERABLE WINDOWS

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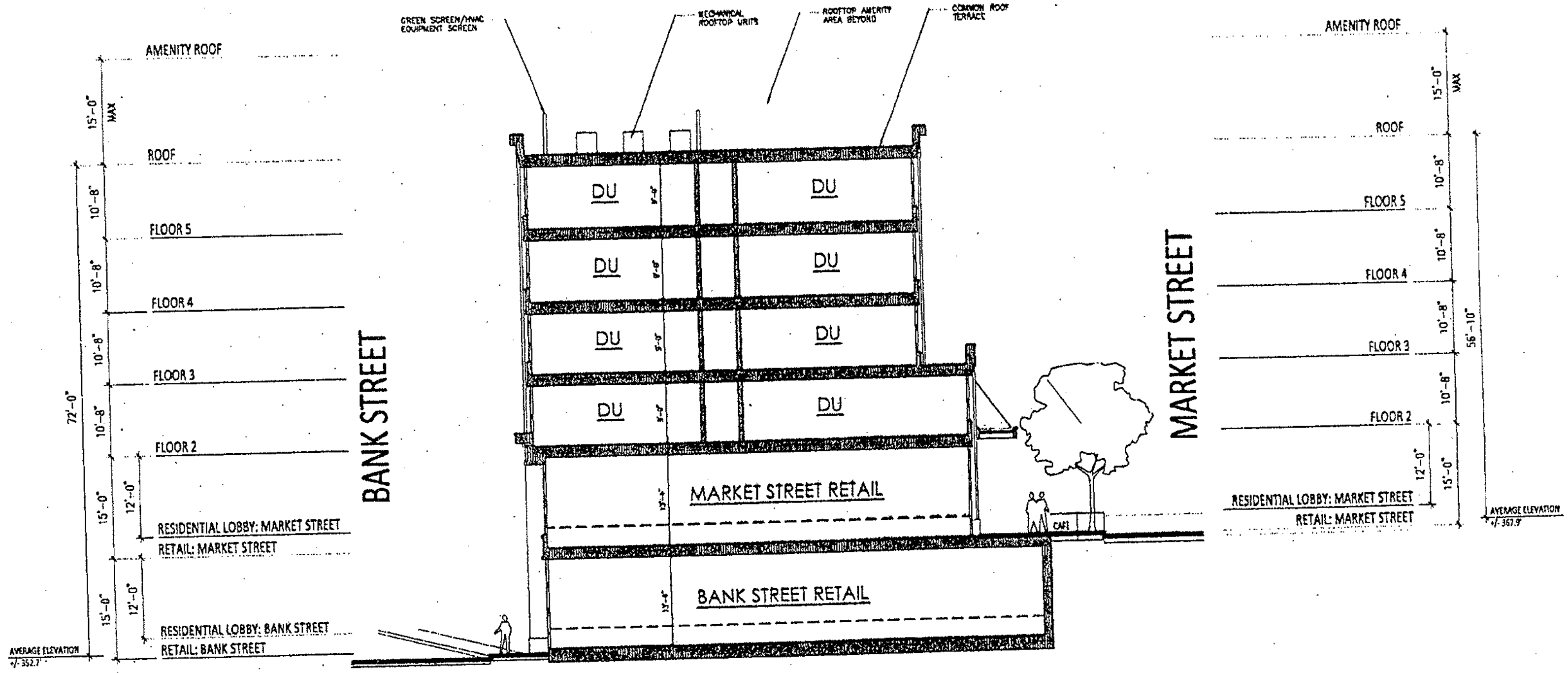
Job Number 201518
Scale AS NOTED
Drawn By ML,DN,JS,DS

Issue Date	For
01 MAR 2017	PRELIMINARY & FINAL SITE PLAN

BUILDING ELEVATIONS **A7**



1 BUILDING SECTION
SCALE 1/8" = 1'-0"

GENERAL NOTES

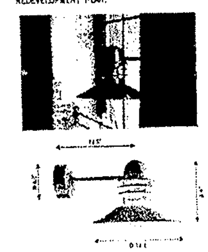
1. PROPOSED NEW DEVELOPMENT RESPONDS TO UNIQUE CONDITIONS ON BOTH BANK AND MARKET STREETS. BANK ST IS MORE UTILITARIAN WITH LARGE GROUND FLOOR OPENINGS AND MARKET ST PROVIDES PEDESTRIAN INTEREST AND COMFORT.

2. ALL GROUND-LEVEL RETAIL AND SERVICE SHALL HAVE CLEAR GLASS COVERAGE FOR 60% OF THE FACADE BETWEEN 3 AND 8 FEET ABOVE GRADE PER REDEVELOPMENT PLAN.
MARKET STREET: 68% GLASS PROVIDED
BANK STREET: 72% GLASS PROVIDED

3. AT LEAST 40% OF UPPER STORY FACADES SHALL CONTAIN TRANSPARENT GLASS. WINDOWS SHALL BE EITHER CLEAR GLASS OR LOW-E WITH LIGHT TRANSMITTANCE OF AT LEAST 70% PER REDEVELOPMENT PLAN.
MARKET STREET: 41% GLASS PROVIDED
BANK STREET: 44% GLASS PROVIDED

4. HANGING SIGNS SHALL NOT EXCEED FOUR SQUARE FEET IN AREA AND SHALL NOT EXCEED 18 INCHES IN HEIGHT, NOR PROJECT MORE THAN THREE FEET FROM THE FACADE PER REDEVELOPMENT PLAN.

5. AWNINGS SHALL NOT PROJECT MORE THAN 8 FEET FROM THE FACE OF THE BUILDING AND SHALL HAVE A MINIMUM 8 FEET HEIGHT CLEARANCE ON BOTH FRONTAGES PER REDEVELOPMENT PLAN.



LOUIS POULSEN LIGHTING
NYHAVN WALL - OUTDOOR

FINISH: COPPER
COMPLIANCE: cULus, WET LOCATION

Marchetto Higgins Stieve
Architecture
Planning
Interior Design

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Scale AS NOTED
Drawn By [illegible]

Date	For
01 MAR 2017	PRELIMINARY & FINAL SITE PLAN

BUILDING SECTION
A8

Exhibit 10

SITE PLAN APPROVAL RESOLUTION

See attached site plan resolution.

RESOLUTION OF THE MORRISTOWN PLANNING BOARD
35-41 MARKET STREET URBAN RENEWAL LLC
APPLICATION NO. 17-05
APPLICATION FOR PRELIMINARY AND FINAL SITE PLAN APPROVAL WITH RELATED DEVIATIONS
BLOCK 6001, LOTS 13 AND 14
35-41 MARKET STREET, MORRISTOWN, NEW JERSEY

WHEREAS, 35-41 Market Street Urban Renewal LLC ("Applicant") has applied to the Town of Morristown Planning Board ("Board") for preliminary and final site plan approval with related deviations for property commonly known as 35-41 Market Street and designated as Block 6001, Lots 13 and 14 on the official tax map of the Town of Morristown, Morris County, New Jersey (the "Property"); and

WHEREAS, in accordance with the provision of the New Jersey Local Redevelopment and Housing Law, N.J.S.A. 40:12A-1 et seq., the Town Council of the Town of Morristown (the "Council") designated the Property as an area in need of redevelopment; and

WHEREAS, on July 14, 2016, the Council amended and adopted the Market & Bank Redevelopment Plan, dated April 14, 2016, for the Property (the "Redevelopment Plan"); and

WHEREAS, the Applicant agreed to use the Property for the purpose of implementing the Redevelopment Plan and proposes to construct a new building on the Property to be used for multi-family residential and retail use, and to include construction of related on-site and off-site improvements; and

WHEREAS, the Planning Board considered the Applicant's development proposal as depicted in the following plans and documents:

1. Planning and Zoning Application Form, filed March 16, 2017, including riders to application describing the Applicant's public art proposal and loading and unloading plan;

2. Site Plan prepared by InSite Engineering, LLC, dated February 2, 2017 and revised through May 12, 2017 (consisting of twelve (12) sheets);

3. Stormwater Analysis Report, prepared by InSite Engineering, LLC, dated February 2, 2017;

4. Traffic Report, prepared by Atlantic Traffic & Design, dated May November 13, 2015 and revised through July 14, 2017;

5. Architectural Plans, prepared by Marchetto Stieve Higgins Architecture, dated March 1, 2017 (consisting of nine (9) sheets);

6. Landscape Plans, prepared by Arterial Street Design Studio, dated January 31, 2017 (consisting of eight (8) sheets);

7. Parking License Agreement, between the Morristown Parking Authority and Vertical realty Capital, LLC, dated February 6, 2015; and

WHEREAS, the Planning Board has also considered all testimony, reports, exhibits and other evidence submitted in connection with the application as well as the comments of the Boards' professionals and the public; and

WHEREAS, the Board is in receipt of the following reports from its consultants and outside agencies:

1. Review Memorandum, prepared by Board Engineer Michael Cristaldi, P.E. of Alaimo Group, dated May 18, 2017;

2. Planning Reports, prepared by Board Planner Phil Abramson of Topology NJ, LLC, dated May 23, 2017, June 22, 2017 and July 25, 2017;

3. Traffic Reports, prepared by Board Traffic Consultant Bryan Proska of Traffic Planning and Design, Inc., dated June 20, 2017 and July 24, 2017;

4. Memorandum of the Morristown Historic Preservation Commission, dated May 17, 2017;

5. Memorandum of the Morristown Health Division, dated April 13, 2017; and

WHEREAS, the application was the subject of a duly noticed public hearing held on May 25, 2017, June 22, 2017, July 27, 2017 and August 24, 2017; and

WHEREAS, the Board has made the following findings and conclusions based upon the evidence submitted:

1. The Applicant is the owner of the subject Property and has standing to bring this matter before the Board.

2. The Applicant was represented by Frank Vitolo, Esq.

3. The Applicant presented testimony to the Board from Eric R. Ballou, P.E. of InSite Engineering, LLC; Dean Marchetto, AIA, of Marchetto Stieve Higgins Architecture; Corey Chase, P.E. of Atlantic Traffic & Design Engineers; and Dave Lustberg, LLA, P.P. of Arterial Design Studio.

4. The Property is designated as Parcel B and C within the Town's Market & Bank Redevelopment Area as set forth in the Redevelopment Plan.

5. The permitted uses in the Market & Bank Redevelopment Area include multifamily residential and, retail uses among other uses.

6. The project proposed by the Applicant is a five-story building adjacent to the southerly existing public stairway and pedestrian passage connecting Market Street and Bank Street and the office building developed on such southerly lot.

7. The Applicant proposes to provide off-street parking for the residential units in the building within the adjacent Ann-Bank Street parking garage.. As set forth in the Parking Agreement dated February 6, 2015 between the Morristown Parking Authority and Vertical Realty Capital, LLC, which was submitted to the Board, a total of seventy (70) parking spaces within those parking garages have been secured for use of the residential occupants of the proposed building for a period of twenty five (25) years, with an option to extend for an additional twenty five (25) years. The minimum number of required parking spaces for the proposed project is sixty five (65) spaces for the residential use and sixty one (61) spaces for the retail use.

8. The Exhibits marked into evidence at the hearing were as follows:

Exhibit A-1 Colorized rendering of the building.
Exhibit A-2 Colorized site plan.
Exhibit A-3 Colorized landscaping plan.

9. The Applicant's Architect, Dean Marchetto, described the design of the proposed building as set forth on the architectural plans submitted with the Applicant's site plan application. Mr. Marchetto testified that the building was designed as envisioned by the Redevelopment Plan.

10. Mr. Marchetto described the proposed building elevations, setbacks and cornices on the Market Street and Bank Street frontages and stated that there the will be 54 residential units and approximately 19,000 square feet of retail/commercial space on the street level along Market and Banks Streets. He also described the exterior lighting proposed between the columns at the exterior of the building.

11. At the ground level, the building is setback at Market Street creating an area on the Property for outdoor space. Mr. Marchetto described the plan to utilize a portion of the space owned by the New Jersey Department of Transportation along Market Street for landscaping adjacent to the outdoor plaza area on the Property as envisioned by the Redevelopment Plan.

12. Mr. Marchetto summarized the deviations from the Redevelopment Plan requested by the Applicant: (a) a parking deviation for the off-street parking required for the retail use, and (b) a deviation to permit the ground level doors to be set back from the building elevation three feet (3') rather than five feet (5') as required by the Redevelopment Plan.

13. With reference to Exhibit A-1, Mr. Marchetto described the retail/commercial space on Market and Bank Streets as well as the proposed materials at the exterior of the building. He also stated that the proposed building will have upper-level residential floors facing both the Market Street and Bank Street.

14. Rooftop amenities are also proposed. The parapet of the building will shield the rooftop HVAC equipment from the view of people using the rooftop deck, as well as shield the HVAC equipment from public view at the street level.

15. With respect to the requested deviation concerning the setback of the doors on the street level, the Applicant agreed as a condition to approval that the doors on the street level along the Market and Bank Street pedestrian rights of way will be no wider than three feet (3'), and thus they will not project into the pedestrian corridor.

16. Mr. Marchetto also testified that the requested deviations are justified under the "Flexible Deviation Standards" set forth in the Redevelopment Plan for the following reasons:

(a) the purposes of the Redevelopment Plan are furthered by the deviations.

(b) the deviations can be granted without substantial detriment to the public good because the proposed nonconformities are minimal and the aesthetic appearance of the proposed building is as envisioned by the Redevelopment Plan.

(c) the community benefits of the deviations will substantially outweigh any detriment.

(d) the deviations will not substantially impair the intent and purpose of the Redevelopment Plan, as the deviations are minor in scope and the purpose of the Plan provisions is satisfied.

(e) all of the above justifications relate to the Property which is the subject of this application.

17. The next witness to testify was Eric Ballou, the Applicant's professional engineer, who described the existing conditions at the Property and provided an overview of the proposed site plan.

18. Mr. Ballou described the site plan details and proposed loading along Bank Street with reference to Exhibit A-2. He also described the proposed lighting along both Market and Bank Streets.

19. The proposed project will require a Highway Occupancy Permit from the New Jersey Department of Transportation. Mr. Ballou described the proposed sidewalks on the Market Street and Bank Street sides of the building and testified that the proposed sidewalks will comply with all requirements of the Americans with Disabilities Act.

20. Mr. Ballou stated that all new utilities will be installed underground. And, the Applicant agreed as a condition of approval that it would discuss with JCP&L and the New Jersey Department of Transportation the relocation (or underground installation) of the existing above-ground power poles and lines along Bank Street and near the office building to the south.

21. Mr. Ballou described the landscaped area located along Market Street within the New Jersey Department of Transportation right of way, which is intended to be landscaped with grass, ground cover plantings, perennial plantings and ornamental trees to complement the plant materials installed within the right of way along the frontage of the lot immediately to the south of the Property.

22. The Applicant agreed as a condition of approval that it would enter into a maintenance agreement with the Town of Morristown to provide for the Applicant's maintenance of the landscaping and other streetscape improvements located within the New Jersey Department of Transportation's right of way.

23. Mr. Ballou testified that the stormwater management system will require approval by the New Jersey Department of Transportation because it maintains the roadway drainage facilities into which the Applicant proposes to connect. The proposed drainage system will also incorporate drainage facilities owned by the Town of Morristown.

24. Mr. Ballou confirmed that 126 parking spaces for the occupants and visitors of the residential units and the retail use are required for the project and that seventy (70) parking spaces will be provided within the Ann-Bank Street parking garage pursuant to the Parking License Agreement with the Morristown Parking Authority.

25. Mr. Ballou described the Applicant's loading and unloading plan, which is detailed in the application submitted to the Board. As set forth in the loading and unloading plan, the Applicant proposes to use the existing loading area along Bank Street and the loading areas along the frontage of the lot immediately to the south of the Property. Mr. Ballou confirmed that the proposed loading zones can adequately accommodate the maximum anticipated deliveries and that deliveries can be scheduled so as to avoid disruption of the adjacent roadways.

26. The next witness to testify it was David Lustberg, the Applicant's licensed landscape architect, who stated with reference to Exhibit A-3 that the landscaping and pavers along the Market Street and Bank Street rights of way are compliant with Morristown's standard sidewalk treatment.

27. The landscaping located within the New Jersey Department of Transportation right of way will match and complement the landscaping materials along the frontage of the lot immediately to the south of the Property.

28. The proposed pedestrian plaza on the Property and along Market Street will contain a linear seat. In response to the Board Planner's question regarding the width of the area for tables and seating along the building and the adjacent wall at the ground level plaza, Mr. Lustberg stated that the area is wide enough for tables, seating and wait staff to function comfortably.

29. Mr. Lustberg stated that the planters within the New Jersey Department of Transportation right of way are proposed to help maintain the five percent (5%) maximum slope

of grade along the sidewalk as required for compliance with the Americans with Disabilities Act.

30. In response to the Board Planner's comment, Mr. Lustberg further described that bollards are not permitted within the New Jersey Department of Transportation's right of way as they do not qualify as a breakaway barrier.

31. In response to a question from the Board regarding the seasonal plantings, Mr. Lustberg stated that the proposed landscaping contains four season plant materials so there will be landscaping present during the winter time.

32. Mr. Lustberg also described the rooftop amenity space and rooftop deck, and stated that the rooftop mechanical equipment will be screened from the view of the users on the rooftop deck.

33. The next witness to testify was Cory Chase, the Applicant's traffic engineer, who stated that his analysis includes the full buildout of the proposed office building on the lot immediately to the south as well as the proposed hotel to the north of the Property.

34. Mr. Chase also stated that, although ownership has not decided on the use(s) for the commercial/retail space, his analysis contemplated 21,000 square feet of retail space, so it is a conservative analysis.

35. Mr. Chase concluded that there will be no material degradation of the levels of service of the adjacent traffic signals, including the signals at the intersections of Ann and Bank Streets and Market and Bank Streets.

36. With respect to parking, Mr. Chase reiterated that the Applicant has seventy (70) parking spaces reserved for the residential units of the project, which he stated was adequate for the proposed residential use, and he concluded that there will be adequate on- and off-street parking in the area for the proposed commercial space, regardless of the retail tenant mix.

37. In closing its presentation the Applicant agreed as a condition of approval that it would seek approval to install a pedestrian "bump-out" within the New Jersey Department of Transportation right of way on Bank Street subject to New Jersey Department of Transportation's approval.

38. The Board finds that the Applicant has met the required criteria for the requested deviations pursuant to the Redevelopment Plan. The Board further finds that with the exception of the requested deviations, the proposed project complies in all respects with the requirements of the Redevelopment Plan.

39. For the reasons set forth above, the Board finds and concludes that the Applicant has met the requirements of the Municipal Land Use Law and local ordinances for the granting of the preliminary and final site plan approval with related deviations.

NOW, THEREFORE, BE IT RESOLVED that the application of 35-41 Market Street Urban Renewal LLC for preliminary and final site plan approval with related deviations is hereby granted subject to the following conditions:

1. The Applicant must comply with all applicable Town, County, State and Federal Laws, ordinances, regulations and directives, including without limitation, obtaining all applicable local, state and federal approvals and permits. The Applicant shall confirm, in writing, the necessary agency approvals required as part of the project that is the subject of this application and shall provide a certification, in writing, that all such permits and/or requests for said approvals have been applied for and/or obtained. All required permit applications and/or requests to other agencies having jurisdictional oversight with respect to this project shall be submitted to such agencies for review within sixty (60) days from the date of this resolution. Prior to the signing of any approved site plans and the minor subdivision deed or plat, the Applicant shall submit proof to the Board Engineer that it has obtained all required governmental approvals and permits required for the project.

2. The Applicant shall be responsible for the submission of any and all revised plans, payment of all fees, charges, escrows, liens, taxes as may be owed to the Town of Morristown, and proof of all permits, approvals, and/or waivers of such agencies having jurisdiction thereof.

3. All construction, use and development of the Property shall be in conformance with the plans approved herein, all representations of the Applicant and its witnesses during the public hearing, all exhibits introduced by the Applicant, and all terms and conditions of this Resolution. Prior to the commencement of any land disturbance or construction permitted by this approval, the Applicant shall have submitted and received approval for all corrections, amendment and/or additions to the filed plan and reports required by this approval.

4. One set of the revised plans and reports incorporating all additions, amendments and corrections made a part of this approval as indicated during testimony and as required by the Board, the Board's professionals and/or any other agency having jurisdiction in the matter shall be submitted to each of the Board's Administrative Officer, Board Engineer and the Board Planner. All changes from the previously filed plans shall be clearly identified. Said plans and reports shall be delivered within thirty (30) days of the (i) date of this resolution; or (ii) receipt of the final approval from all other agencies with jurisdiction over the project, whichever occurs last; provided, however, that in no event shall such revised plans or reports be submitted more than 180 days from the date of this resolution. In the event that the Applicant does not comply with these deadlines, it shall apply to the Board for an extension. Errors and omissions by the Applicant in the submission process will not be deemed to be a valid basis for extension requests of the aforementioned timeframes.

5. Upon written confirmation from the Board Engineer that the required plan and report revisions are acceptable, a total of six (6) sets of such final plans and reports shall be

delivered to the Board's Administrative Officer no later than sixty (60) days from the date of said written confirmation for signatures by the Board.

6. The Applicant shall comply with the terms and requirements contained in the reports referenced herein, prepared by the Board Engineer, Board Planner, Board traffic consultant, Historic Preservation Commission and Town Health Division.

7. The Applicant shall implement and enforce written rules and regulations (and distribute same to all occupants of the building) as to when moving in/out and loading is to occur, which will be scheduled so as not to conflict with peak traffic hours.

8. The doors on the ground floors (on Market and Bank Streets) along the pedestrian rights of way will be no wider than three feet (3') wide and will not project into the pedestrian corridor.

9. The Board's approval is expressly subject to the agreement of the Applicant that it will comply with all of the conditions set forth above, and will cooperate in good faith with the Town to comply with the spirit and intent of the approval of this Resolution.

10. If the Applicant desires to make any further changes to the plans, regardless of whether any such changes is material or non-material, the Applicant shall request approval of the change(s) by written application to the Board's Administrative Officer, which application shall clearly identify each change proposed. The Administrative Officer shall determine whether each such change is "material" or "non-material". Changes determined by the Administrative Officer to be non-material may be approved by the Administrative Officer. Changes determined to be material by the Administrative Officer shall require an application for amended approval to be filed with the Board. Failure to comply with this condition will subject the Applicant to a fine pursuant to Chapter XXX, Land Use Regulations, Section #30-4109, Violations and Penalties and may be sufficient grounds for withholding any certificate of occupancy or revocation of any previously issued certificate of occupancy pursuant to N.J.A.C. 5:23, Uniform construction Code of New Jersey.

11. The Applicant shall be bound to comply with the representations made before this Board by the Applicant and its professionals and the conditions imposed by the Board at the public hearing and the same are incorporated herein and are representations upon which this Board has relied in granting the approval set forth herein and shall be enforceable as if those representations were made conditions of this approval.

12. Prior to the issuance of a (residential or commercial) certificate of occupancy or temporary certificate of occupancy ("CO"), the Applicant shall enter into a maintenance agreement with the Town of Morristown to provide for the Applicant's maintenance of the landscaping and other streetscape improvements located within the New Jersey Department of Transportation's right of way at the Applicant's sole cost and expense.

13. Prior to issuance of a CO, the Applicant shall select an artist and develop a concept plan involving public art placement in the exterior stair in the manner described in the application materials submitted to the Board and shall submit the concept plan to the Town Planning Department for review and approval. Thereafter, the Applicant shall consult with the Board Planner and install same prior to issuance of a CO for the project.

14. Prior to the issuance of a CO, the Applicant shall submit for approval by the Board Engineer and Board Planner confirmation from JCP&L and the New Jersey Department of Transportation that no reasonable and financially feasible alternate underground location exists for the above-ground utilities along Market and Bank Streets. If requested, the Applicant shall assist in facilitating meetings between the appropriate Town officials and JCP&L and the New Jersey Department of Transportation to discuss this matter. In the event that reasonable and financially feasible underground or alternate locations do exist, the Applicant shall be required to modify its plans to relocate same accordingly.

15. Prior to issuance of a building permit, the Applicant shall submit to the Board Planner for reasonable approval manufacturer cut sheets of all doors or entry systems, exterior light fixtures, glass block material, metal paneling for façade exteriors, railing systems, brick and stone façade materials and windows.

16. Prior to issuance of a building permit, the Applicant shall submit to the Board Engineer a construction staging plan which addresses such issues as where construction vehicles will be staged and how they will be maneuvered into position, where construction workers will park their vehicles and how construction activities will affect adjacent roadways and sidewalks.

17. Prior to issuance of a building permit, the Applicant shall obtain and submit to the Board Engineer the approvals of all applicable utility companies for the required water, sewer and electric service connections.

18. The Applicant shall pay all costs to design and install the landscaping of the Bank Street plaza at the corner of Ann and Bank Streets on land owned by the Morristown Parking Authority and cause same to be installed prior to the issuance of a CO. The Morristown Parking Authority will design the landscaping.

19. Prior to the issuance of a building permit, the Applicant shall revise the plans to show the installation of four (4) bibs for exterior water hoses, two (2) of which the Applicant will install in the public stairwell between this project and the lot immediately to the south of the project.

20. The Applicant shall work with the Morristown Parking Authority to develop a plan to encourage retail customers of the project to park at the Ann-Bank Street and Dalton garages. This plan will be submitted for review and reasonable approval by the Board Engineer prior to the issuance of a CO for the retail portion of the project.

21. Prior to the issuance of a building permit, the Applicant shall work with the Board Planner to study whether the Market Street retaining wall would create a material tripping hazard. If such a hazard is identified by the Board Planner, then the Applicant shall redesign the wall or design a way of remediating it and revise the plans to depict same, for review and reasonable approval by the Board Planner prior to the issuance of a building permit for the project.

22. Applicant shall include in its application to New Jersey Department of Transportation a proposed pedestrian "bump-out" on the Bank Street side of the property at the location approved by the Board Engineer and provide proof of same to the Board Engineer. The proposed bump-out is subject to New Jersey Department of Transportation approval and, if such approval is not granted, Applicant shall have no further obligations regarding same.

23. Applicant shall install down/up lights on both frontages of the project instead of the lantern-style lights originally proposed. These replacement fixtures shall be shown on the revised plans for the project prior to issuance of a building permit.

24. The Application shall comply with all of the terms of the Redevelopment Agreement between the Town of Morristown and 35-41 Market Street JV, LLC, dated October 28, 2016, including but not limited to the affordable housing requirements set forth therein prior to the issuance of a building permit and/or a CO, as the case may be.

25. Applicant shall be responsible to pay any and all fees required in accordance with the New Jersey Statewide Non-Residential Development Fee Act.

26. The Board adopts its findings of fact and conclusions as set forth above, and adopts and incorporates herein by reference all specific conditions of approval set forth therein.

ALL NOTES INCLUDED IN THE APPROVED PLANS, INCLUDING NOTES REQUIRED BY THIS RESOLUTION, SHALL BE DEEMED TO BE CONDITIONS OF APPROVAL HAVING THE SAME FORCE AND EFFECT AS CONDITIONS EXPRESSLY SET FORTH IN THIS RESOLUTION.

I HEREBY CERTIFY that this is a true copy of a Resolution of the Town of Morristown Planning Board duly adopted at the regular public meeting held on August 24, 2017.

Pursuant to N.J.S.A. 40:55D-10(g)(2), this Resolution memorizes the action taken by the Board at the public meeting of the Board held on May 25, 2017, June 22, 2017, July 27, 2017 and August 24, 2017.

On motion of: Arrington

Seconded by: Gillihan

The vote on the Resolution was as follows:

AYES: Arrington, Cardona, Gottsleben, Kane, Tighe Mayor Dougherty, Gillihan, Glo[illegible]

NAYS:

ABSTAINING: Gandy

ABSENT: Stanley, Murphy

Administrative Officer
Morristown Planning Board

Date: 8/24/2017

Exhibit 11

TOTAL PROJECT COST ESTIMATE

See attached cost schedules entitled "Residential Cost Detail" and "Retail Cost Detail".

I certify to the best of my knowledge and understanding that the hard construction costs indicated on the above referenced residential and retail cost details are consistent with similar projects.

Certified to by:

Project Architect

2-16-17
Date

35-41 Market Street
Residential Component

Residential Cost Detail

Total Gross Area of Improvements (SF)	49,646
Total Net Area of Improvements (SF)	43,046
Total Number of Units	54
Roof Amenity Area	3,298

	Total Project Costs				Taxable
	Amount	Cost per GSF	Cost per NSF	Cost per Unit	
Land Cost					
Site Acquisition	3,195,000	64.36	74.22	59,166.67	3,195,000
Closing Costs	113,000	2.28	2.63	2,092.59	113,000
Buyout Cost	188,000	3.79	4.37	3,481.48	0
ADU Offsite	600,000	12.09	13.94	11,111.11	0
Total Land Cost	4,096,000	82.50	95.15	75,851.85	3,308,000
Construction Costs					
Demolition	0	0.00	0.00	0.00	0
Site Improvements	0	0.00	0.00	0.00	0
Residential Hard Costs	9,929,127	200.00	230.66	183,872.72	9,929,127
Total Construction Costs	9,929,127	200.00	230.66	183,872.72	9,929,127
GC Fee Rate	0.00%				0.00%
GC Fee	0	0.00	0.00	0.00	0
Construction Contingency Rate	10.00%				10.00%
Construction Contingency	992,913	20.00	23.07	18,387.27	992,913
Total Hard Costs	10,922,040	220.00	253.73	202,259.99	10,922,040
Other Costs					
Miscellaneous Soft Costs	1,337,000	26.93	31.06	24,759.26	1,238,000
Financing Costs	668,000	13.46	15.52	12,370.37	562,000
Total Other Costs	2,005,000	40.39	46.58	37,129.63	1,800,000
Other Cost % of Land and Hard Costs	13.35%				12.65%

Total Construction and Other Costs	12,927,040	260.39	300.31	239,389.62	12,722,040
Operating Reserve	900,000	18.13	20.91	16,666.67	0
Total Project Cost	17,923,040	361.02	416.37	331,908.14	16,030,040
Less: RAB Proceeds	0	0.00	0.00	0.00	0
Net Project Cost	17,923,040	361.02	416.37	331,908.14	16,030,040

35-41 Market Street
Retail Component

Retail Cost Detail

Total Gross Area of Improvements (SF)	22,000
Total Net Area of Improvements (SF)	19,000
Total Number of Units	2

	Total Project Costs				Taxable
	Amount	Cost per GSF	Cost per NSF	Cost per Unit	
Land Cost					
Site Acquisition	3,000,000	136.36	157.89	1,500,000.00	3,000,000
Closing Costs	38,000	1.73	2.00	19,000.00	38,000
Buyout Cost	63,000	2.86	3.32	31,500.00	0
ADU Offsite	200,000	9.09	10.53	100,000.00	0
Total Land Cost	3,301,000	150.05	173.74	1,650,500.00	3,038,000
Construction Costs					
Demolition	0	0.00	0.00	0.00	0
Site Improvements	0	0.00	0.00	0.00	0
Retail Hard Costs	2,200,000	100.00	115.79	1,100,000.00	2,200,000
Tenant Fit-up	1,520,000	80.00	80.00	760,000.00	1,520,000
Total Construction Costs	3,720,000	169.09	195.79	1,860,000.00	3,720,000
GC Fee Rate	0.00%				0.00%
GC Fee	0	0.00	0.00	0.00	0
Construction Contingency Rate (Base Cost only)	10.00%				10.00%
Construction Contingency	220,000	10.00	11.58	110,000.00	220,000
Total Hard Costs	3,940,000	179.09	207.37	1,970,000.00	3,940,000
Other Costs					
Liquor License	980,000	44.55	51.58	490,000.00	0
Miscellaneous Soft Costs	991,000	45.05	52.16	495,500.00	944,000
Financing Costs	376,000				330,000
Total Other Costs	2,347,000	106.68	123.53	1,173,500.00	1,274,000
Soft Cost % of Land and Hard Costs	59.57%				

Total Construction and Other Costs	6,287,000	285.77	330.89	3,143,500.00	5,214,000
Operating Reserve	0	0.00	0.00	0.00	0
Total Project Cost	9,588,000	435.82	504.63	4,794,000.00	8,252,000
Less: RAB Proceeds	0	0.00	0.00	0.00	0
Net Project Cost	9,588,000	435.82	504.63	4,794,000.00	8,252,000

Exhibit 12

COST ESTIMATE FOR EACH UNIT TYPE

The average cost per SF for the residential space is $416.35 per net SF. The average unit size is 797 SF (Net). The average unit cost is $331,908.14.

The cost for the two retail units is $9,588,000. The average unit cost is $4,794,000.

I certify to the best of my knowledge and understanding that the costs indicated above are consistent with similar projects.

Certified to by:

Project Architect

2-16-17

Date

Exhibit 13

PROJECT PRO FORMA

See attached analysis entitled "Financial Analysis (w PILOT)".

35-41 Market Street

Financial Analysis (w PILOT)
Operating Projection by Year

Description	Unit Size	# Units	Ann. Esc.	Initial Rent/SF	Initial Monthly Rent	Year 1	Year 2
Occupancy Factor (Residential)						0.500	0.800
Occupancy Factor (Retail)						0.500	0.800
Revenue							
Studio	498	10	0.0225	40.00	1,660.00	99,600	162,946
1 BR	763	30	0.0225	36.00	2,289.00	412,020	674,065
2 BR	1,084	14	0.0225	32.00	2,890.67	242,816	397,247
Total Rents						754,436	1,234,257
Storage Units	100	10	0.0225	12.00	100.00	6,000	9,816
Parking	300	0	0.0225	8.00	200.00	0	0
Retail	9,500	2	0.0225	27.50	21,770.83	261,250	427,405
Operating Reserve						750,000	150,000
Total Revenue						1,771,686	1,821,478
Total Revenue wo Operating Reserve						1,021,686	1,671,478
Total Rentable Area	62,046						
Total Residential Area	43,046						

Description	Rate per SF or AGR	Basis	Ann. Esc.	Year 1	Year 2
Expense					
Operating Expenses	3.690	43,046	0.0225	158,840	162,414
PILOT	from PILOT Schedule		0.0200	114,940	188,041
Replacement Reserve	0.250	62,046	0.0225	15,512	15,861
Management Fee	0.030	TOR	N/A	30,651	50,144
Total Operating Expense				319,941	416,460
Net Operating Income				1,451,745	1,405,018
		Land Equity	Cash Equity		
Equity Investment	9,628,864	6,346,000	3,282,864		
Mortgage Principal	17,882,176				
Rate	0.0500				
Term	30				

35-41 Market Street

Financial Analysis (w PILOT)
Operating Projection by Year

Description	Unit Size	# Units	Ann. Esc.	Initial Rent/SF	Initial Monthly Rent		Year 1	Year 2
Annual Debt Payment	1,163,261						1,163,261	1,163,261
Projected Cash Flow							288,483	241,757
Coverage Ratio (Operating Cash Flow/Debt Service Requirement)							124.8%	120.8%
Analysis of Mortgage								
Beginning Balance							17,882,176	17,613,023
Interest Payment							894,109	880,651
Principal Payment							269,152	282,610
Ending Balance							17,613,023	17,330,413
Analysis of Earnings								
Principal Payment							269,152	282,610
Operating Cash Flow							288,483	241,757
Total Cash Flow (incl Residual Value)						(9,628,864)	288,483	241,757
Total Equity							9,628,864	9,628,864
Earnings as % of Equity							3.00%	2.51%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate	0.08							
Projected Value								
Analysis of Municipal Receipts			Ann. Esc.					
Land Value for RE Tax	1,484,859		0.020				1,607,259	1,639,404
Equalized Tax Rate	0.02245						0.02245	0.02245

35-41 Market Street

Financial Analysis (w PILOT)
Operating Projection by Year

Description	Unit Size	# Units	Ann. Esc.	Initial Rent/SF	Initial Monthly Rent	Year 1	Year 2
Municipal %	0.40073					0.40073	0.40073
Municipal Share of Land Tax						14,461	14,75[illegible]
PILOT Payment						114,940	188,041
Less Land Tax						0	36,086
Net PILOT						114,940	151,956
Municipal %	0.95					0.95	0.95
Municipal Share of PILOT						109,193	144,358
Total Municipal Share						123,653	159,108
IRR	8.39%						

35-41 Market Street

Description	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Revenue								
Studio	197,852	202,303	206,855	211,509	216,268	221,134	226,110	231,197
1 BR	818,462	836,877	855,707	874,961	894,647	914,777	935,359	956,405
2 BR	482,345	493,197	504,294	515,641	527,243	539,106	551,236	563,639
Total Rents	1,498,658	1,532,378	1,566,857	1,602,111	1,638,158	1,675,017	1,712,705	1,751,24[illegible]
Storage Units	11,919	12,187	12,461	12,742	13,028	13,321	13,621	13,928
Parking	0	0	0	0	0	0	0	0
Retail	491,649	502,711	514,022	525,588	537,414	549,505	561,869	574,511
Operating Reserve	0	0	0	0	0	0	0	0
Total Revenue	2,002,226	2,047,277	2,093,340	2,140,440	2,188,600	2,237,844	2,288,195	2,339,680
Total Revenue wo Operating Reser	2,002,226	2,047,277	2,093,340	2,140,440	2,188,600	2,237,844	2,288,195	2,339,680
Total Rentable Area								
Total Residential Area								
Expense								
Operating Expenses	166,068	169,804	173,625	177,532	181,526	185,610	189,787	194,057
PILOT	225,250	230,319	235,501	240,800	246,218	251,757	257,422	263,214
Replacement Reserve	16,217	16,582	16,955	17,337	17,727	18,126	18,534	18,951
Management Fee	60,067	61,418	62,800	64,213	65,658	67,135	68,646	70,190
Total Operating Expense	467,603	478,124	488,881	499,881	511,129	522,629	534,388	546,412
Net Operating Income	1,534,624	1,569,153	1,604,459	1,640,559	1,677,472	1,715,215	1,753,807	1,793,268
Equity Investment								
Mortgage Principal								
Rate								
Term								

35-41 Market Street

Description	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261
Projected Cash Flow	371,363	405,892	441,198	477,298	514,211	551,954	590,546	630,007
Coverage Ratio								
(Operating Cash Flow/Debt Servic	131.9%	134.9%	137.9%	141.0%	144.2%	147.4%	150.8%	154.2%
Analysis of Mortgage								
Beginning Balance	17,330,413	17,033,673	16,722,095	16,394,939	16,051,425	15,690,735	15,312,010	14,914,349
Interest Payment	866,521	851,684	836,105	819,747	802,571	784,537	765,601	745,717
Principal Payment	296,741	311,578	327,156	343,514	360,690	378,724	397,661	417,544
Ending Balance	17,033,673	16,722,095	16,394,939	16,051,425	15,690,735	15,312,010	14,914,349	14,496,806
Analysis of Earnings								
Principal Payment	296,741	311,578	327,156	343,514	360,690	378,724	397,661	417,544
Operating Cash Flow	371,363	405,892	441,198	477,298	514,211	551,954	590,546	630,007
Total Cash Flow (incl Residual Val	371,363	405,892	441,198	477,298	514,211	551,954	590,546	630,007
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864
Earnings as % of Equity	3.86%	4.22%	4.58%	4.96%	5.34%	5.73%	6.13%	6.54%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate								
Projected Value								
Analysis of Municipal Receipts								
Land Value for RE Tax	1,672,193	1,705,636	1,739,749	1,774,544	1,810,035	1,846,236	1,883,160	1,920,824
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245

35-41 Market Street

Description	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	15,045	15,346	15,653	15,966	16,285	16,611	16,943	17,282
PILOT Payment	225,250	230,319	235,501	240,800	246,218	251,757	257,422	263,214
Less Land Tax	36,807	37,543	38,294	39,060	39,841	40,638	41,451	42,280
Net PILOT	188,443	192,775	197,206	201,739	206,376	211,119	215,971	220,934
Municipal %	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Municipal Share of PILOT	179,021	183,136	187,346	191,652	196,057	200,563	205,172	209,887
Total Municipal Share	194,066	198,482	202,999	207,618	212,342	217,174	222,115	227,169
IRR								

35-41 Market Street

Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Revenue								
Studio	236,399	241,718	247,157	252,718	258,404	264,218	270,163	276,242
1 BR	977,924	999,927	1,022,426	1,045,430	1,068,952	1,093,004	1,117,596	1,142,742
2 BR	576,321	589,288	602,547	616,104	629,966	644,141	658,634	673,453
Total Rents	1,790,644	1,830,933	1,872,129	1,914,252	1,957,323	2,001,362	2,046,393	2,092,437
Storage Units	14,241	14,561	14,889	15,224	15,567	15,917	16,275	16,641
Parking	0	0	0	0	0	0	0	0
Retail	587,438	600,655	614,170	627,989	642,119	656,566	671,339	686,444
Operating Reserve	0	0	0	0	0	0	0	0
Total Revenue	2,392,322	2,446,150	2,501,188	2,557,465	2,615,008	2,673,845	2,734,007	2,795,522
Total Revenue wo Operating Reser	2,392,322	2,446,150	2,501,188	2,557,465	2,615,008	2,673,845	2,734,007	2,795,522
Total Rentable Area								
Total Residential Area								
Expense								
Operating Expenses	198,423	202,888	207,453	212,120	216,893	221,773	226,763	231,865
PILOT	275,117	281,307	287,637	294,108	300,726	360,969	369,091	377,39[illegible]
Replacement Reserve	19,377	19,813	20,259	20,715	21,181	21,657	22,145	22,643
Management Fee	71,770	73,384	75,036	76,724	78,450	80,215	82,020	83,866
Total Operating Expense	564,687	577,392	590,384	603,667	617,250	684,615	700,019	715,769
Net Operating Income	1,827,636	1,868,757	1,910,804	1,953,798	1,997,758	1,989,231	2,033,988	2,079,753
Equity Investment								
Mortgage Principal								
Rate								
Term								

35-41 Market Street

Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261
Projected Cash Flow	664,374	705,496	747,543	790,536	834,497	825,969	870,727	916,492
Coverage Ratio (Operating Cash Flow/Debt Servic	157.1%	160.6%	164.3%	168.0%	171.7%	171.0%	174.9%	178.8%
Analysis of Mortgage								
Beginning Balance	14,496,806	14,058,385	13,598,043	13,114,684	12,607,157	12,074,253	11,514,705	10,927,179
Interest Payment	724,840	702,919	679,902	655,734	630,358	603,713	575,735	546,359
Principal Payment	438,421	460,342	483,359	507,527	532,903	559,549	587,526	616,902
Ending Balance	14,058,385	13,598,043	13,114,684	12,607,157	12,074,253	11,514,705	10,927,179	10,310,277
Analysis of Earnings								
Principal Payment	438,421	460,342	483,359	507,527	532,903	559,549	587,526	616,902
Operating Cash Flow	664,374	705,496	747,543	790,536	834,497	825,969	870,727	916,492
Total Cash Flow (incl Residual Val	664,374	705,496	747,543	790,536	834,497	825,969	870,727	916,492
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864
Earnings as % of Equity	6.90%	7.33%	7.76%	8.21%	8.67%	8.58%	9.04%	9.52%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate								
Projected Value								
Analysis of Municipal Receipts								
Land Value for RE Tax	1,959,240	1,998,425	2,038,393	2,079,161	2,120,744	2,163,159	2,206,423	2,250,551
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245

35-41 Market Street

Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	17,627	17,980	18,339	18,706	19,080	19,462	19,851	20,248
PILOT Payment	275,117	281,307	287,637	294,108	300,726	360,969	369,091	377,395
Less Land Tax	43,126	43,988	44,868	45,765	46,681	47,614	48,566	49,538
Net PILOT	231,991	237,319	242,769	248,343	254,045	313,355	320,525	327,858
Municipal %	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Municipal Share of PILOT	220,392	225,453	230,630	235,926	241,343	297,687	304,498	311,465
Total Municipal Share	238,019	243,433	248,970	254,632	260,423	317,149	324,350	331,713
IRR								

35-41 Market Street

Description	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Revenue								
Studio	282,457	288,812	295,311	301,955	308,749	315,696	322,799	330,062
1 BR	1,168,454	1,194,744	1,221,626	1,249,112	1,277,218	1,305,955	1,335,339	1,365,384
2 BR	688,606	704,099	719,942	736,140	752,703	769,639	786,956	804,663
Total Rents	2,139,517	2,187,656	2,236,878	2,287,208	2,338,670	2,391,290	2,445,094	2,500,109
Storage Units	17,015	17,398	17,790	18,190	18,599	19,018	19,446	19,883
Parking	0	0	0	0	0	0	0	0
Retail	701,889	717,682	733,829	750,341	767,223	784,486	802,137	820,185
Operating Reserve	0	0	0	0	0	0	0	0
Total Revenue	2,858,421	2,922,736	2,988,497	3,055,739	3,124,493	3,194,794	3,266,677	3,340,177
Total Revenue wo Operating Reser	2,858,421	2,922,736	2,988,497	3,055,739	3,124,493	3,194,794	3,266,677	3,340,177
Total Rentable Area								
Total Residential Area								
Expense								
Operating Expenses	237,082	242,417	247,871	253,448	259,151	264,981	270,944	277,040
PILOT	385,887	394,569	418,390	427,803	437,429	447,271	457,335	501,027
Replacement Reserve	23,152	23,673	24,206	24,750	25,307	25,877	26,459	27,054
Management Fee	85,753	87,682	89,655	91,672	93,735	95,844	98,000	100,205
Total Operating Expense	731,874	748,341	780,121	797,674	815,622	833,973	852,738	905,326
Net Operating Income	2,126,547	2,174,395	2,208,376	2,258,065	2,308,871	2,360,821	2,413,939	2,434,851
Equity Investment								
Mortgage Principal								
Rate								
Term								

35-41 Market Street

Description	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261
Projected Cash Flow	963,286	1,011,134	1,045,115	1,094,803	1,145,610	1,197,560	1,250,678	1,271,590
Coverage Ratio (Operating Cash Flow/Debt Servic	182.8%	186.9%	189.8%	194.1%	198.5%	202.9%	207.5%	209.3%
Analysis of Mortgage								
Beginning Balance	10,310,277	9,662,529	8,982,395	8,268,253	7,518,405	6,731,064	5,904,356	5,036,312
Interest Payment	515,514	483,126	449,120	413,413	375,920	336,553	295,218	251,816
Principal Payment	647,747	680,135	714,141	749,849	787,341	826,708	868,043	911,446
Ending Balance	9,662,529	8,982,395	8,268,253	7,518,405	6,731,064	5,904,356	5,036,312	4,124,867
Analysis of Earnings								
Principal Payment	647,747	680,135	714,141	749,849	787,341	826,708	868,043	911,446
Operating Cash Flow	963,286	1,011,134	1,045,115	1,094,803	1,145,610	1,197,560	1,250,678	1,271,590
Total Cash Flow (incl Residual Val	963,286	1,011,134	1,045,115	1,094,803	1,145,610	1,197,560	1,250,678	1,271,590
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864
Earnings as % of Equity	10.00%	10.50%	10.85%	11.37%	11.90%	12.44%	12.99%	13.21%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate								
Projected Value								
Analysis of Municipal Receipts								
Land Value for RE Tax	2,295,562	2,341,473	2,388,303	2,436,069	2,484,790	2,534,486	2,585,176	2,636,879
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245

35-41 Market Street

Description	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	20,653	21,066	21,488	21,917	22,356	22,803	23,259	23,724
PILOT Payment	385,887	394,569	418,390	427,803	437,429	447,271	457,335	501,027
Less Land Tax	50,529	51,539	52,570	53,621	54,694	55,788	56,903	58,041
Net PILOT	335,358	343,030	365,820	374,182	382,735	391,484	400,431	442,985
Municipal %	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Municipal Share of PILOT	318,590	325,879	347,529	355,473	363,599	371,909	380,410	420,836
Total Municipal Share	339,244	346,945	369,016	377,390	385,954	394,712	403,669	444,560
IRR								

35-41 Market Street

Description	Year 27	Year 28	Year 29	Year 30
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900
Revenue				
Studio	337,489	345,082	352,846	360,786
1 BR	1,396,105	1,427,518	1,459,637	1,492,478
2 BR	822,768	841,280	860,209	879,563
Total Rents	2,556,361	2,613,879	2,672,692	2,732,827
Storage Units	20,331	20,788	21,256	21,734
Parking	0	0	0	0
Retail	838,639	857,508	876,802	896,530
Operating Reserve	0	0	0	0
Total Revenue	3,415,331	3,492,176	3,570,750	3,651,092
Total Revenue wo Operating Reser	3,415,331	3,492,176	3,570,750	3,651,092
Total Rentable Area				
Total Residential Area				
Expense				
Operating Expenses	283,273	289,647	296,164	302,828
PILOT	512,300	523,826	535,612	659,756
Replacement Reserve	27,663	28,285	28,922	29,573
Management Fee	102,460	104,765	107,122	109,533
Total Operating Expense	925,696	946,524	967,821	1,101,689
Net Operating Income	2,489,635	2,545,652	2,602,929	2,549,402
Equity Investment				
Mortgage Principal				
Rate				
Term				

35-41 Market Street

Description	Year 27	Year 28	Year 29	Year 30	
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	
Projected Cash Flow	1,326,374	1,382,391	1,439,668	1,386,141	
Coverage Ratio (Operating Cash Flow/Debt Servic	214.0%	218.8%	223.8%	219.2%	
Analysis of Mortgage					
Beginning Balance	4,124,867	3,167,849	2,162,980	1,107,868	
Interest Payment	206,243	158,392	108,149	55,393	
Principal Payment	957,018	1,004,869	1,055,112	1,107,868	
Ending Balance	3,167,849	2,162,980	1,107,868	0	
Analysis of Earnings					
Principal Payment	957,018	1,004,869	1,055,112	1,107,868	
Operating Cash Flow	1,326,374	1,382,391	1,439,668	1,386,141	25,382,692
Total Cash Flow (incl Residual Val	1,326,374	1,382,391	1,439,668	33,253,671	
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	
Earnings as % of Equity	13.77%	14.36%	14.95%	345.35%	
Analysis of Residual Value					
Total Net Earnings				2,549,402	
Capitalization Rate				8.00%	
Projected Value				31,867,530	
Analysis of Municipal Receipts					
Land Value for RE Tax	2,689,617	2,743,409	2,798,277	2,854,243	
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	

35-41 Market Street

Description	Year 27	Year 28	Year 29	Year 30
Municipal %	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	24,199	24,683	25,176	25,680
PILOT Payment	512,300	523,826	535,612	659,756
Less Land Tax	59,202	60,386	61,594	62,826
Net PILOT	453,097	463,440	474,018	596,931
Municipal %	0.95	0.95	0.95	0.95
Municipal Share of PILOT	430,443	440,268	450,318	567,084
Total Municipal Share	454,641	464,951	475,494	592,764
IRR				

Exhibit 14

PROJECT FINANCING PLAN

See attached analysis entitled "Financing Plan"

Financing Plan

35-41 Market Street
10/19/17

Total Residential Cost	17,923,040
Total Retail Cost	9,588,000
Total Project Cost	27,511,040
Land Equity	6,346,000
Cash Equity	3,282,864
Bank Financing	17,882,176
Total Sources of Financing	27,511,040

Exhibit 15

PRIVATE FINANCING COMMITMENTS

Attach certified copies of any and all letters from public or private sources of capital indicating a commitment to make funds available for the project.

There are no private financial commitments at this time.

Exhibit 16

EXPLANATION OF NEED FOR TAX ABATEMENT

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

i. In the current real estate marketplace, the rents likely to be achieved by this Project are not sufficient to pay for the costs of construction and the payment of full taxes while allowing the Entity the opportunity to make a return on its investment that is sufficient to both warrant the risks and to convince the lending markets to provide the construction and permanent financing required by the Project.

The attached financial documents provide an analysis of the difference in the economic feasibility of the project with and without a tax abatement. See the attached "Financial Analysis (Full Taxes)" and the "Financial Analysis (w PILOT)",which is attached as Exhibit 13 of this application.

ii. Since the amounts to be paid under the terms of the Financial Agreement are greater than the incremental costs to be incurred by the Town as a result of the Project, it is in the Town's interest to provide the necessary incentive that will cause the Project to be constructed. Since the formulas used in the Financial Agreement provide for growth in the amounts to be paid over time, the Project will continue to make payments that are greater than the costs to be incurred. Finally, the useful life of the Project is expected to be substantially longer than the term of the Financial Agreement, so that in the future the Project will become fully taxable and remain part of the Town's ratable base for many years thereafter.

35-41 Market Street

Financial Analysis (Full Taxes)
Operating Projection by Year

Description	Unit Size	# Units	Ann. Esc.	Initial Rent/SF	Initial Monthly Rent	Year 1	Year 2
Occupancy Factor (Residential)						0.500	0.800
Occupancy Factor (Retail)						0.500	0.800
Revenue							
Studio	498	10	0.0225	40.00	1,660.00	99,600	162,946
1 BR	763	30	0.0225	36.00	2,289.00	412,020	674,065
2 BR	1,084	14	0.0225	32.00	2,890.67	242,816	397,247
Total Rents						754,436	1,234,257
Storage Units	100	10	0.0225	12.00	100.00	6,000	9,816
Parking	300	0	0.0225	8.00	200.00	0	0
Retail	9,500	2	0.0225	27.50	21,770.83	261,250	427,405
Operating Reserve						785,000	115,000
Total Revenue						1,806,686	1,786,478
Total Revenue wo Operating Reserve						1,021,686	1,671,478

Total Rentable Area	62,046
Total Residential Area	43,046

	Rate per SF or AGR	Basis	Ann. Esc.	Year 1	Year 2
Expense					
Operating Expenses	3.690	43,046	0.0225	158,840	162,414
Full Taxes	2.245%	19,109,098	0.0200	464,396	473,684
Replacement Reserve	0.250	62,046	0.0225	15,512	15,861
Management Fee	0.030	TOR	N/A	30,651	50,144
Total Operating Expense				669,398	702,103
Net Operating Income				1,137,288	1,084,376

		Land Equity	Cash Equity
Equity Investment	9,628,864	6,346,000	3,282,864
Mortgage Principal	17,882,176		
Rate	0.0500		
Term	30		

35-41 Market Street

Financial Analysis (Full Taxes)
Operating Projection by Year

Description	Unit Size	# Units	Ann. Esc.	Initial Rent/SF	Initial Monthly Rent		Year 1	Year 2
Annual Debt Payment	1,163,261						1,163,261	1,163,261
Projected Cash Flow							(25,973)	(78,886)
Coverage Ratio (Operating Cash Flow/Debt Service Requirement)							97.8%	93.2%
Analysis of Mortgage								
Beginning Balance							17,882,176	17,613,023
Interest Payment							894,109	880,651
Principal Payment							269,152	282,610
Ending Balance							17,613,023	17,330,413
Analysis of Earnings								
Principal Payment							269,152	282,610
Operating Cash Flow							(25,973)	(78,886)
Total Cash Flow (incl Residual Value)						(9,628,864)	(25,973)	(78,886)
Total Equity							9,628,864	9,628,864
Earnings as % of Equity							-0.27%	-0.82%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate	0.08							
Projected Value								
Analysis of Municipal Receipts			Ann. Esc.					
Land Value for RE Tax	1,484,859		0.020				1,607,259	1,639,404
Equalized Tax Rate	0.02245						0.02245	0.02245

35-41 Market Street

Financial Analysis (Full Taxes)
Operating Projection by Year

Description	Unit Size	# Units	Ann. Esc.	Initial Rent/SF	Initial Monthly Rent	Year 1	Year 2
Municipal %	0.40073					0.40073	0.40073
Municipal Share of Land Tax						14,461	14,750
Improvement Value for RE Tax	17,624,239		0.020			19,077,043	19,458,584
Equalized Tax Rate	0.02245					0.02245	0.02245
Municipal %	0.40073					0.40073	0.40073
Municipal Share of Impr.Tax						171,637	175,069
Total Municipal Share						186,097	189,819
IRR	6.46%						

35-41 Market Street

Description	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Revenue								
Studio	197,852	202,303	206,855	211,509	216,268	221,134	226,110	231,197
1 BR	818,462	836,877	855,707	874,961	894,647	914,777	935,359	956,405
2 BR	482,345	493,197	504,294	515,641	527,243	539,106	551,236	563,639
Total Rents	1,498,658	1,532,378	1,566,857	1,602,111	1,638,158	1,675,017	1,712,705	1,751,241
Storage Units	11,919	12,187	12,461	12,742	13,028	13,321	13,621	13,928
Parking	0	0	0	0	0	0	0	0
Retail	491,649	502,711	514,022	525,588	537,414	549,505	561,869	574,511
Operating Reserve	0	0	0	0	0	0	0	0
Total Revenue	2,002,226	2,047,277	2,093,340	2,140,440	2,188,600	2,237,844	2,288,195	2,339,680
Total Revenue wo Operating Reser	2,002,226	2,047,277	2,093,340	2,140,440	2,188,600	2,237,844	2,288,195	2,339,680
Total Rentable Area								
Total Residential Area								
Expense								
Operating Expenses	166,068	169,804	173,625	177,532	181,526	185,610	189,787	194,057
Full Taxes	483,158	492,821	502,677	512,731	522,986	533,445	544,114	554,996
Replacement Reserve	16,217	16,582	16,955	17,337	17,727	18,126	18,534	18,951
Management Fee	60,067	61,418	62,800	64,213	65,658	67,135	68,646	70,190
Total Operating Expense	725,510	740,626	756,058	771,813	787,897	804,317	821,080	838,194
Net Operating Income	1,276,717	1,306,651	1,337,282	1,368,628	1,400,704	1,433,527	1,467,115	1,501,485
Equity Investment								
Mortgage Principal								
Rate								
Term								

35-41 Market Street

Description	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261
Projected Cash Flow	113,455	143,389	174,021	205,367	237,443	270,266	303,854	338,224
Coverage Ratio (Operating Cash Flow/Debt Servic	109.8%	112.3%	115.0%	117.7%	120.4%	123.2%	126.1%	129.1%
Analysis of Mortgage								
Beginning Balance	17,330,413	17,033,673	16,722,095	16,394,939	16,051,425	15,690,735	15,312,010	14,914,349
Interest Payment	866,521	851,684	836,105	819,747	802,571	784,537	765,601	745,717
Principal Payment	296,741	311,578	327,156	343,514	360,690	378,724	397,661	417,544
Ending Balance	17,033,673	16,722,095	16,394,939	16,051,425	15,690,735	15,312,010	14,914,349	14,496,806
Analysis of Earnings								
Principal Payment	296,741	311,578	327,156	343,514	360,690	378,724	397,661	417,544
Operating Cash Flow	113,455	143,389	174,021	205,367	237,443	270,266	303,854	338,224
Total Cash Flow (incl Residual Val	113,455	143,389	174,021	205,367	237,443	270,266	303,854	338,224
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864
Earnings as % of Equity	1.18%	1.49%	1.81%	2.13%	2.47%	2.81%	3.16%	3.51%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate								
Projected Value								
Analysis of Municipal Receipts								
Land Value for RE Tax	1,672,193	1,705,636	1,739,749	1,774,544	1,810,035	1,846,236	1,883,160	1,920,824
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245

35-41 Market Street

Description	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	15,045	15,346	15,653	15,966	16,285	16,611	16,943	17,282
Improvement Value for RE Tax	19,847,756	20,244,711	20,649,605	21,062,597	21,483,849	21,913,526	22,351,796	22,798,832
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Impr.Tax	178,571	182,142	185,785	189,501	193,291	197,156	201,100	205,122
Total Municipal Share	193,615	197,488	201,437	205,466	209,576	213,767	218,042	222,403
IRR								

35-41 Market Street

Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Revenue								
Studio	236,399	241,718	247,157	252,718	258,404	264,218	270,163	276,242
1 BR	977,924	999,927	1,022,426	1,045,430	1,068,952	1,093,004	1,117,596	1,142,742
2 BR	576,321	589,288	602,547	616,104	629,966	644,141	658,634	673,453
Total Rents	1,790,644	1,830,933	1,872,129	1,914,252	1,957,323	2,001,362	2,046,393	2,092,437
Storage Units	14,241	14,561	14,889	15,224	15,567	15,917	16,275	16,641
Parking	0	0	0	0	0	0	0	0
Retail	587,438	600,655	614,170	627,989	642,119	656,566	671,339	686,444
Operating Reserve	0	0	0	0	0	0	0	0
Total Revenue	2,392,322	2,446,150	2,501,188	2,557,465	2,615,008	2,673,845	2,734,007	2,795,522
Total Revenue wo Operating Reser	2,392,322	2,446,150	2,501,188	2,557,465	2,615,008	2,673,845	2,734,007	2,795,522
Total Rentable Area								
Total Residential Area								
Expense								
Operating Expenses	198,423	202,888	207,453	212,120	216,893	221,773	226,763	231,865
Full Taxes	566,096	577,418	588,967	600,746	612,761	625,016	637,516	650,267
Replacement Reserve	19,377	19,813	20,259	20,715	21,181	21,657	22,145	22,643
Management Fee	71,770	73,384	75,036	76,724	78,450	80,215	82,020	83,866
Total Operating Expense	855,666	873,503	891,714	910,305	929,285	948,662	968,444	988,640
Net Operating Income	1,536,656	1,572,646	1,609,474	1,647,160	1,685,723	1,725,184	1,765,563	1,806,882
Equity Investment								
Mortgage Principal								
Rate								
Term								

35-41 Market Street

Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261
Projected Cash Flow	373,395	409,385	446,213	483,899	522,462	561,922	602,302	643,621
Coverage Ratio (Operating Cash Flow/Debt Servic	132.1%	135.2%	138.4%	141.6%	144.9%	148.3%	151.8%	155.3%
Analysis of Mortgage								
Beginning Balance	14,496,806	14,058,385	13,598,043	13,114,684	12,607,157	12,074,253	11,514,705	10,927,179
Interest Payment	724,840	702,919	679,902	655,734	630,358	603,713	575,735	546,359
Principal Payment	438,421	460,342	483,359	507,527	532,903	559,549	587,526	616,902
Ending Balance	14,058,385	13,598,043	13,114,684	12,607,157	12,074,253	11,514,705	10,927,179	10,310,277
Analysis of Earnings								
Principal Payment	438,421	460,342	483,359	507,527	532,903	559,549	587,526	616,902
Operating Cash Flow	373,395	409,385	446,213	483,899	522,462	561,922	602,302	643,621
Total Cash Flow (incl Residual Val	373,395	409,385	446,213	483,899	522,462	561,922	602,302	643,621
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864
Earnings as % of Equity	3.88%	4.25%	4.63%	5.03%	5.43%	5.84%	6.26%	6.68%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate								
Projected Value								
Analysis of Municipal Receipts								
Land Value for RE Tax	1,959,240	1,998,425	2,038,393	2,079,161	2,120,744	2,163,159	2,206,423	2,250,551
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245

35-41 Market Street

Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	17,627	17,980	18,339	18,706	19,080	19,462	19,851	20,248
Improvement Value for RE Tax	23,254,809	23,719,905	24,194,303	24,678,189	25,171,753	25,675,188	26,188,692	26,712,466
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Impr.Tax	209,224	213,408	217,677	222,030	226,471	231,000	235,620	240,333
Total Municipal Share	226,851	231,388	236,016	240,736	245,551	250,462	255,471	260,581
IRR								

35-41 Market Street

Description	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Revenue								
Studio	282,457	288,812	295,311	301,955	308,749	315,696	322,799	330,062
1 BR	1,168,454	1,194,744	1,221,626	1,249,112	1,277,218	1,305,955	1,335,339	1,365,384
2 BR	688,606	704,099	719,942	736,140	752,703	769,639	786,956	804,663
Total Rents	2,139,517	2,187,656	2,236,878	2,287,208	2,338,670	2,391,290	2,445,094	2,500,109
Storage Units	17,015	17,398	17,790	18,190	18,599	19,018	19,446	19,883
Parking	0	0	0	0	0	0	0	0
Retail	701,889	717,682	733,829	750,341	767,223	784,486	802,137	820,185
Operating Reserve	0	0	0	0	0	0	0	0
Total Revenue	2,858,421	2,922,736	2,988,497	3,055,739	3,124,493	3,194,794	3,266,677	3,340,177
Total Revenue wo Operating Reser	2,858,421	2,922,736	2,988,497	3,055,739	3,124,493	3,194,794	3,266,677	3,340,177
Total Rentable Area								
Total Residential Area								
Expense								
Operating Expenses	237,082	242,417	247,871	253,448	259,151	264,981	270,944	277,040
Full Taxes	663,272	676,538	690,068	703,870	717,947	732,306	746,952	761,891
Replacement Reserve	23,152	23,673	24,206	24,750	25,307	25,877	26,459	27,054
Management Fee	85,753	87,682	89,655	91,672	93,735	95,844	98,000	100,205
Total Operating Expense	1,009,259	1,030,309	1,051,800	1,073,740	1,096,140	1,119,008	1,142,355	1,166,191
Net Operating Income	1,849,162	1,892,427	1,936,698	1,981,998	2,028,353	2,075,786	2,124,322	2,173,986
Equity Investment								
Mortgage Principal								
Rate								
Term								

35-41 Market Street

Description	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261	1,163,261
Projected Cash Flow	685,901	729,165	773,436	818,737	865,092	912,525	961,061	1,010,725
Coverage Ratio (Operating Cash Flow/Debt Servic	159.0%	162.7%	166.5%	170.4%	174.4%	178.4%	182.6%	186.9%
Analysis of Mortgage								
Beginning Balance	10,310,277	9,662,529	8,982,395	8,268,253	7,518,405	6,731,064	5,904,356	5,036,312
Interest Payment	515,514	483,126	449,120	413,413	375,920	336,553	295,218	251,816
Principal Payment	647,747	680,135	714,141	749,849	787,341	826,708	868,043	911,446
Ending Balance	9,662,529	8,982,395	8,268,253	7,518,405	6,731,064	5,904,356	5,036,312	4,124,867
Analysis of Earnings								
Principal Payment	647,747	680,135	714,141	749,849	787,341	826,708	868,043	911,446
Operating Cash Flow	685,901	729,165	773,436	818,737	865,092	912,525	961,061	1,010,725
Total Cash Flow (incl Residual Val	685,901	729,165	773,436	818,737	865,092	912,525	961,061	1,010,725
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864	9,628,864
Earnings as % of Equity	7.12%	7.57%	8.03%	8.50%	8.98%	9.48%	9.98%	10.50%
Analysis of Residual Value								
Total Net Earnings								
Capitalization Rate								
Projected Value								
Analysis of Municipal Receipts								
Land Value for RE Tax	2,295,562	2,341,473	2,388,303	2,436,069	2,484,790	2,534,486	2,585,176	2,636,879
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245

35-41 Market Street

Description	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	20,653	21,066	21,488	21,917	22,356	22,803	23,259	23,724
Improvement Value for RE Tax	27,246,715	27,791,649	28,347,482	28,914,432	29,492,721	30,082,575	30,684,227	31,297,911
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245	0.02245
Municipal %	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073	0.40073
Municipal Share of Impr.Tax	245,139	250,042	255,043	260,144	265,347	270,654	276,067	281,588
Total Municipal Share	265,792	271,108	276,530	282,061	287,702	293,456	299,325	305,312
IRR								

35-41 Market Street

Description	Year 27	Year 28	Year 29	Year 30
Occupancy Factor (Residential)	0.950	0.950	0.950	0.950
Occupancy Factor (Retail)	0.900	0.900	0.900	0.900
Revenue				
Studio	337,489	345,082	352,846	360,786
1 BR	1,396,105	1,427,518	1,459,637	1,492,478
2 BR	822,768	841,280	860,209	879,563
Total Rents	2,556,361	2,613,879	2,672,692	2,732,827
Storage Units	20,331	20,788	21,256	21,734
Parking	0	0	0	0
Retail	838,639	857,508	876,802	896,530
Operating Reserve	0	0	0	0
Total Revenue	3,415,331	3,492,176	3,570,750	3,651,092
Total Revenue wo Operating Reser	3,415,331	3,492,176	3,570,750	3,651,092
Total Rentable Area				
Total Residential Area				
Expense				
Operating Expenses	283,273	289,647	296,164	302,828
Full Taxes	777,129	792,672	808,525	824,696
Replacement Reserve	27,663	28,285	28,922	29,573
Management Fee	102,460	104,765	107,122	109,533
Total Operating Expense	1,190,525	1,215,369	1,240,733	1,266,628
Net Operating Income	2,224,806	2,276,807	2,330,017	2,384,463
Equity Investment				
Mortgage Principal				
Rate				
Term				

35-41 Market Street

Description	Year 27	Year 28	Year 29	Year 30	
Annual Debt Payment	1,163,261	1,163,261	1,163,261	1,163,261	
Projected Cash Flow	1,061,545	1,113,546	1,166,755	1,221,202	
Coverage Ratio (Operating Cash Flow/Debt Servic	191.3%	195.7%	200.3%	205.0%	
Analysis of Mortgage					
Beginning Balance	4,124,867	3,167,849	2,162,980	1,107,868	
Interest Payment	206,243	158,392	108,149	55,393	
Principal Payment	957,018	1,004,869	1,055,112	1,107,868	
Ending Balance	3,167,849	2,162,980	1,107,868	0	
Analysis of Earnings					
Principal Payment	957,018	1,004,869	1,055,112	1,107,868	17,044,048
Operating Cash Flow	1,061,545	1,113,546	1,166,755	1,221,202	
Total Cash Flow (incl Residual Val	1,061,545	1,113,546	1,166,755	31,026,993	
Total Equity	9,628,864	9,628,864	9,628,864	9,628,864	
Earnings as % of Equity	11.02%	11.56%	12.12%	322.23%	
Analysis of Residual Value					
Total Net Earnings				2,384,463	
Capitalization Rate				8.00%	
Projected Value				29,805,791	
Analysis of Municipal Receipts					
Land Value for RE Tax	2,689,617	2,743,409	2,798,277	2,854,243	
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245	

35-41 Market Street

Description	Year 27	Year 28	Year 29	Year 30
Municipal %	0.40073	0.40073	0.40073	0.40073
Municipal Share of Land Tax	24,199	24,683	25,176	25,680
Improvement Value for RE Tax	31,923,869	32,562,347	33,213,594	33,877,866
Equalized Tax Rate	0.02245	0.02245	0.02245	0.02245
Municipal %	0.40073	0.40073	0.40073	0.40073
Municipal Share of Impr.Tax	287,220	292,964	298,823	304,800
Total Municipal Share	311,418	317,647	323,999	330,479
IRR				

Exhibit 17

PROJECT SCHEDULE

The following is a detailed schedule of the key milestone dates in the approval, construction and leasing of the project.

November 1, 2017	Approval of Financial Agreement
November 15, 2017	Submission of Permit Applications
January 1, 2018	Commencement of Construction
March 31, 2019	Completion of Construction and Issuance of CO
April 1, 2019	Initial occupancy
February 1, 2020	Stabilization Achieved.

Exhibit 18

SUMMARY OF PROJECT BENEFITS

The project will generate a number of benefits for the Town. It is expected that the project will create approximately 128 jobs during construction, as well as 78 jobs on a permanent basis thereafter. The project will also expand the appeal of downtown Morristown, by replacing one of the most persistent blighting influences with a building with real architectural character, and which will add to the critical mass of population that supports the retail community, as well as by adding additional quality retail space.

Financially, the project will generate $10.50 million in PILOT payments during the 30 year term of the agreement, as well as an estimated $24,000 in water service charges and $34,000 in sewer service charges annually. The project will also generate substantial permit fees during construction.

The detailed calculations of the financial benefits can be found in the attached exhibit entitled "Project Benefits".

35-41 Market Street

Project Benefits

Construction Jobs	
Project Construction Cost	14,862,040
% Labor	50%
Labor Cost	7,431,020
Cost per Construction Job	60,000
# Man-Years of Construction Jobs	128
Permanent Jobs	
Retail Area (SF)	19,000
Jobs per 1000 SF	4
# Retail Jobs	76
Residential Jobs	2
Total Permanent Jobs	78
PILOT Payments (30 Year Projection)	10,501,018
Water Charges	
# Units	54
Water Use/Day/Unit (Gallons)	150
Total Water Use/Year (Gallons)	2,956,500
Water Rate 4.271 per 748 Gallons	0.00570989
Total Water Charge	16,881
Meter Charge	1,014
Total Water & Meter Charges	17,895
Restaurant Area	19,000
Patrons per Day per 1000 SF	20
Total Patrons per Year	101,025
Water per Patron (Gallons)	8
Total Water Use (Gallons)	808,200
Water Rate 4.271 per 748 Gallons	0.00570989

Total Water Charge	4,615
Meter Charge	1,014
Total Water & Meter Charges	5,628
Grand Total Water (per Year)	23,523

Sewer Charges

Total Water Use/Year (Gallons)- Residential	2,956,500
Residential Sewer Rate 6.05 per 748 Gallons	0.00808824
Total Sewer Charge (Residential)	23,913
Total Water Use (Gallons)- Restaurants	808,200
Restauarant Sewer Rate 9.79 per 748 Gallons	0.01308824
Total Sewer Charge (Resturants	10,578
Grand Total Sewer Charges	34,491

Exhibit 19

FORM OF FINANCIAL AGREEMENT

The appropriate form of Financial Agreement is attached to this application.

EXHIBIT B

ORDINANCE

[Attached]

TOWN OF MORRISTOWN

ORDINANCE O-28-2017

ORDINANCE APPROVING THE FINANCIAL AGREEMENT FOR LONG TERM TAX EXEMPTION BY AND BETWEEN THE TOWN OF MORRISTOWN AND 35-41 MARKET STREET URBAN RENEWAL, LLC

WHEREAS, in accordance with the provision of Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), the Town Council of the Town of Morristown (the "Town Council") designated certain property in the Town shown as Block 6001, Lots 13 and 14, and Block 6002, Lot 1 on the official Tax Map of the Town of Morristown (the "Redevelopment Area") a non-condemnation "area in need of redevelopment" under the LRHL; and

WHEREAS, on May 14, 2015 and after conducting the requisite hearings therefor, the Town Council adopted Ordinance O-4-2015 and the Market & Bank Redevelopment Plan, prepared by Philip A. Abramson, P.P., for the Redevelopment Area in accordance with the provisions of the LRHL (the "Redevelopment Plan"); and

WHEREAS, the property located at 49-55 Market Street and identified as Block 6001, Lots 13 and 14 on the Tax Map of the Town of Morristown (the "Property") is located within the Redevelopment Area; and

WHEREAS, the Property is owned by 35-41 Market Street Urban Renewal, LLC (the "Entity"); and

WHEREAS, the Morristown Planning Board granted preliminary and final site plan approval for the project as set forth in Resolution No. 17-05 of the Town of Morristown Planning Board, adopted on August 24, 2017 (the "Planning Board Approval"), for a mixed use building containing approximately fifty four (54) residential units and nineteen thousand (19,000) square feet of retail space, including provisions for parking through a contractual arrangement for off-site parking, and other related on-site and off-site improvements that would be developed and constructed on the Property (collectively, the "Project"); and

WHEREAS, on October 28, 2016, the Town entered into a Redevelopment Agreement with the 35-41 Market Street JV, LLC (an affiliate of the Entity)(and recognized 35-41 Market Street JV, LLC as the redeveloper of the Property) providing for the development of same in accordance with the Redevelopment Plan and the Planning Board Approval; and

WHEREAS, the Entity is a limited-dividend, urban renewal entity under the New Jersey Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. (the "LTTE Law") and desires to seek a long term tax exemption for the Project under the LTTE Law; and

WHEREAS, the Entity submitted to the Mayor of the Town (the "Mayor") an application for tax exemption, which is on file with the Town Clerk (the "Application"), requesting an exemption of the improvements constituting the Project pursuant to the LTTE Law; and

WHEREAS, the Mayor submitted the Application to the Town Council with his recommendation for approval, a copy of which recommendation is on file with the Town Clerk; and

WHEREAS, with the Mayor's recommendation for approval of the Application, the Town Council accepted and approved the Application in Resolution R-__-2017, finding that the Project represents an undertaking permitted by the LTTE Law, and constitutes improvements made for the purposes of clearance, replanning, development or redevelopment of an area in need of redevelopment within the Town, as authorized by the LRHL and the LTTE Law; and

WHEREAS, the Entity also submitted to the Mayor, as a separate Application, a form of financial agreement (the "Financial Agreement"), establishing the rights, responsibilities and obligations of the Entity under a tax exemption for the Project; and

WHEREAS, the Mayor submitted the Financial Agreement to the Town Council with his recommendation for approval, a copy of which recommendation is on file with the Town Clerk; and

WHEREAS, the Town Council has reviewed the information provided in the Financial Agreement and has deemed it appropriate and acceptable.

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Council of the Town of Morristown in the County of Morris, New Jersey, as follows:

Section 1. The Financial Agreement, concerning 35-41 Market Street Urban Renewal, LLC and the Long Term Tax Exemption of the Project under the LTTE Law and the Market & Bank Redevelopment Plan is hereby approved, and the Mayor is hereby authorized to execute such Financial Agreement, subject to minor modification or revision, as deemed necessary and appropriate after consultation with counsel, and to perform and enforce the rights and obligations set forth therein.

Section 2. The Clerk of the Town is hereby authorized and directed, upon execution of the Financial Agreement by the Mayor, to attest to the signature of the Mayor and to affix the corporate seal of the Town upon such document.

Section 3. The executed copy of the Financial Agreement shall be certified by and be filed with the Office of the Town Clerk. Further, the Clerk of the Town shall file certified copies of this ordinance and the Financial Agreement with the Tax Assessor of the Town and the Director of the Division of Local Government Services with the Department of Community Affairs, in accordance with Section 12 of the Long Term Tax Exemption Law.

Section 4. If any part(s) of this ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereby shall not affect the remaining parts of this ordinance.

Section 5. All ordinances and resolutions or parts thereof inconsistent with this Ordinance are hereby rescinded.

Section 6. This ordinance shall take effect in accordance with applicable law.

I, Robin J. Kesselmeyer, Deputy Town Clerk of the Town of Morristown, do hereby certify the above to be a true and exact copy of an Ordinance duly passed and adopted by the Town Council of the Town of Morristown at a Regular Town Council Meeting held on December 19, 2017.

Dated: December 20, 2017

Robin J. Kesselmeyer
Robin J. Kesselmeyer
Acting Town Clerk

EXHIBIT C

FINANCIAL/FISCAL PLAN

[Attached]

Financing Plan

35-41 Market Street
10/19/17

Total Residential Cost	17,923,040
Total Retail Cost	9,588,000
Total Project Cost	27,511,040
Land Equity	6,346,000
Cash Equity	3,282,864
Bank Financing	17,882,176
Total Sources of Financing	27,511,040

EXHIBIT D

ESTIMATED CONSTRUCTION SCHEDULE

[Attached]

Exhibit D

PROJECT SCHEDULE

The following is a detailed schedule of the key milestone dates in the approval, construction and leasing of the project.

December 1, 2017	Approval of Financial Agreement
February 15, 2018	Submission of Permit Applications
March 1, 2018	Commencement of Construction
May 31, 2019	Completion of Construction and Issuance of CO
June 1, 2019	Initial occupancy
April 1, 2020	Stabilization Achieved.

EXHIBIT E

Projected Annual Gross Revenue and Annual Service Charge

[Attached]

EXHIBIT E

Description	Unit Size	# Units	Ann. Esc	Initial Rent/SF	Monthly Rent
Occupancy	Factor	(Residential)			
Occupancy	Factor	(Retail)			
Revenue					
Studio	498	10	2.25%	40.00	1,660.00
1 BR	763	30	2.25%	36.00	2,289.00
2 BR	1,084	14	2.25%	32.00	2,890.67
Total Rents					
Storage Units	100	10	2.25%	12.00	100.00
Parking	300	0	2.25%	8.00	200.00
Retail	9,500	2	2.25%	27.50	21,770.83

Year	1	2	3	4	5	6	7	8	9	10	11	12
Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Project Completion Indicator	1	1	1	1	1	1	1	1	1	1	1	1
Annual Gross Revenue	1,021,686	1,671,478	2,002,226	2,047,277	2,093,340	2,140,440	2,188,600	2,237,844	2,288,195	2,339,680	2,392,322	2,446,150
PILOT Rate	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.50%	11.50%
Formula PILOT Payment	114,940	188,041	225,250	230,319	235,501	240,800	246,218	251,757	257,422	263,214	275,117	281,307
Min % of Full Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross PILOT	114,940	188,041	225,250	230,319	235,501	240,800	246,218	251,757	257,422	263,214	275,117	281,307

Year	13	14	15	16	17	18	19	20	21	22	23	24
Calendar Year	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Project Completion Indicator	1	1	1	1	1	1	1	1	1	1	1	1
Annual Gross Revenue	2,501,188	2,557,465	2,615,008	2,673,845	2,734,007	2,795,522	2,858,421	2,922,736	2,988,497	3,055,739	3,124,493	3,194,794
PILOT Rate	11.50%	11.50%	11.50%	13.50%	13.50%	13.50%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%
Formula PILOT Payment	287,637	294,108	300,726	360,969	369,091	377,395	385,887	394,569	418,390	427,803	437,429	447,271
Min % of Full Taxes	0.00%	0.00%	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	40.00%	40.00%	40.00%
Gross PILOT	287,637	294,108	300,726	360,969	369,091	377,395	385,887	394,569	418,390	427,803	437,429	447,271

Year	25	26	27	28	29	30	Total
Calendar Year	2043	2044	2045	2046	2047	2048	
Project Completion Indicator	1	1	1	1	1	1	
Annual Gross Revenue	3,266,677	3,340,177	3,415,331	3,492,176	3,570,750	3,651,092	79,627,157
PILOT Rate	14.00%	15.00%	15.00%	15.00%	15.00%	15.00%	
Formula PILOT Payment	457,335	501,027	512,300	523,826	535,612	547,664	10,388,925
Min % of Full Taxes	40.00%	40.00%	40.00%	60.00%	60.00%	80.00%	
Gross PILOT	457,335	501,027	512,300	523,826	535,612	659,756	10,501,018

35-41 Market Street

PILOT Details

Year	1	2	3	4	5	6	7	8
Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026
Project Completion Indicator	1	1	1	1	1	1	1	1
Annual Gross Revenue	1,021,686	1,671,478	2,002,226	2,047,277	2,093,340	2,140,440	2,188,600	2,237,844
PILOT Rate	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%
Formula PILOT Payment	114,940	188,041	225,250	230,319	235,501	240,800	246,218	251,757
Prior Full Taxes	67,594	67,594	67,594	67,594	67,594	67,594	67,594	67,594
Min % of Full Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Projected Theoretical Taxes	464,396	473,684	483,158	492,821	502,677	512,731	522,986	533,445
Municipal Share (Full Tax)	186,097	189,819	193,615	197,488	201,437	205,466	209,576	213,767
PILOT per Statute	114,940	188,041	225,250	230,319	235,501	240,800	246,218	251,757
Land Taxes	36,086	36,807	37,543	38,294	39,060	39,841	40,638	41,451
Municipal Share (Land Tax)	14,461	14,750	15,045	15,346	15,653	15,966	16,285	16,611
Add'l PILOT for RAB	0	0	0	0	0	0	0	0
Gross PILOT	114,940	188,041	225,250	230,319	235,501	240,800	246,218	251,757
Pledged to RAB	0	0	0	0	0	0	0	0
Net PILOT (After LT Credit)	114,940	151,956	188,443	192,775	197,206	201,739	206,376	211,119
County Share (PILOT)	5,747	7,598	9,422	9,639	9,860	10,087	10,319	10,556
Municipal Share (PILOT)	109,193	144,358	179,021	183,136	187,346	191,652	196,057	200,563
Total Municipal Share	123,653	159,108	194,066	198,482	202,999	207,618	212,342	217,174
MS (Tax) v MS (PILOT)	62,444	30,711	(450)	(994)	(1,561)	(2,152)	(2,767)	(3,407)

* Municipal share of Prior Full Taxes - $27,086.88

35-41 Market Street

Year	9	10	11	12	13	14	15	16	17
Calendar Year	2027	2028	2029	2030	2031	2032	2033	2034	2035
Project Completion Indicator	1	1	1	1	1	1	1	1	1
Annual Gross Revenue	2,288,195	2,339,680	2,392,322	2,446,150	2,501,188	2,557,465	2,615,008	2,673,845	2,734,007
PILOT Rate	11.25%	11.25%	11.50%	11.50%	11.50%	11.50%	11.50%	13.50%	13.50%
Formula PILOT Payment Prior	257,422	263,214	275,117	281,307	287,637	294,108	300,726	360,969	369,091
Full Taxes	67,594	67,594	67,594	67,594	67,594	67,594	67,594	67,594	67,594
Min % of Full Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%
Projected Theoretical Taxes	544,114	554,996	566,096	577,418	588,967	600,746	612,761	625,016	637,516
Municipal Share (Full Tax)	218,042	222,403	226,851	231,388	236,016	240,736	245,551	250,462	255,471
PILOT per Statute	257,422	263,214	275,117	281,307	287,637	294,108	300,726	360,969	369,091
Land Taxes	42,280	43,126	43,988	44,868	45,765	46,681	47,614	48,566	49,538
Municipal Share (Land Tax)	16,943	17,282	17,627	17,980	18,339	18,706	19,080	19,462	19,851
Add'l PILOT for RAB	0	0	0	0	0	0	0	0	0
Gross PILOT	257,422	263,214	275,117	281,307	287,637	294,108	300,726	360,969	369,091
Pledged to RAB	0	0	0	0	0	0	0	0	0
Net PILOT (After LT Credit)	215,971	220,934	231,991	237,319	242,769	248,343	254,045	313,355	320,525
County Share (PILOT)	10,799	11,047	11,600	11,866	12,138	12,417	12,702	15,668	16,026
Municipal Share (PILOT) Total	205,172	209,887	220,392	225,453	230,630	235,926	241,343	297,687	304,498
Municipal Share	222,115	227,169	238,019	243,433	248,970	254,632	260,423	317,149	324,350
MS (Tax) v MS (PILOT)	(4,073)	(4,766)	(11,168)	(12,045)	(12,954)	(13,896)	(14,872)	(66,687)	(68,878)

35-41 Market Street

Year	18	19	20	21	22	23	24	25	26
Calendar Year	2036	2037	2038	2039	2040	2041	2042	2043	2044
Project Completion Indicator	1	1	1	1	1	1	1	1	1
Annual Gross Revenue	2,795,522	2,858,421	2,922,736	2,988,497	3,055,739	3,124,493	3,194,794	3,266,677	3,340,177
PILOT Rate	13.50%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%	14.00%	15.00%
Formula PILOT Payment Prior	377,395	385,887	394,569	418,390	427,803	437,429	447,271	457,335	501,027
Full Taxes	67,594	67,594	67,594	67,594	67,594	67,594	67,594	67,594	67,594
Min % of Full Taxes	20.00%	20.00%	20.00%	20.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Projected Theoretical Taxes	650,267	663,272	676,538	690,068	703,870	717,947	732,306	746,952	761,891
Municipal Share (Full Tax)	260,581	265,792	271,108	276,530	282,061	287,702	293,456	299,325	305,312
PILOT per Statute	377,395	385,887	394,569	418,390	427,803	437,429	447,271	457,335	501,027
Land Taxes	50,529	51,539	52,570	53,621	54,694	55,788	56,903	58,041	59,202
Municipal Share (Land Tax)	20,248	20,653	21,066	21,488	21,917	22,356	22,803	23,259	23,724
Add'l PILOT for RAB	0	0	0	0	0	0	0	0	0
Gross PILOT	377,395	385,887	394,569	418,390	427,803	437,429	447,271	457,335	501,027
Pledged to RAB	0	0	0	0	0	0	0	0	0
Net PILOT (After LT Credit)	327,858	335,358	343,030	365,820	374,182	382,735	391,484	400,431	442,985
County Share (PILOT)	16,393	16,768	17,152	18,291	18,709	19,137	19,574	20,022	22,149
Municipal Share (PILOT) Total	311,465	318,590	325,879	347,529	355,473	363,599	371,909	380,410	420,836
Municipal Share	331,713	339,244	346,945	369,016	377,390	385,954	394,712	403,669	444,560
MS (Tax) v MS (PILOT)	(71,132)	(73,451)	(75,837)	(92,486)	(95,329)	(98,252)	(101,256)	(104,343)	(139,248)

35-41 Market Street

Year	27	28	29	30	Total
Calendar Year	2045	2046	2047	2048	
Project Completion Indicator	1	1	1	1	
Annual Gross Revenue	3,415,331	3,492,176	3,570,750	3,651,092	79,627,157
PILOT Rate	15.00%	15.00%	15.00%	15.00%	
Formula PILOT Payment Prior	512,300	523,826	535,612	547,664	10,388,925
Full Taxes	67,594	67,594	67,594	67,594	
Min % of Full Taxes	40.00%	60.00%	60.00%	80.00%	
Projected Theoretical Taxes	777,129	792,672	808,525	824,696	18,839,662
Municipal Share (Full Tax)	311,418	317,647	323,999	330,479	7,549,601
PILOT per Statute	512,300	523,826	535,612	659,756	10,501,018
Land Taxes	60,386	61,594	62,826	64,082	1,463,923
Municipal Share (Land Tax)	24,199	24,683	25,176	25,680	586,636
Add'l PILOT for RAB	0	0	0	0	0
Gross PILOT	512,300	523,826	535,612	659,756	10,501,018
Pledged to RAB	0	0	0	0	0
Net PILOT (After LT Credit)	453,097	463,440	474,018	596,931	9,101,177
County Share (PILOT)	22,655	23,172	23,701	29,847	455,059
Municipal Share (PILOT) Total	430,443	440,268	450,318	567,084	8,646,119
Municipal Share	454,641	464,951	475,494	592,764	9,232,755
MS (Tax) v MS (PILOT)	(143,223)	(147,304)	(151,494)	(262,284)	(1,683,154)