City Clerk File No. Ord. 14.030

Agenda No. 3.A 1st Reading

Agenda No. _____ 2nd Reading & Final Passage

ORDINANCE OF JERSEY CITY, N.J.

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

CITY ORDINANCE 14.030
CALENDAR YEAR 2014

TITLE: **ORDINANCE TO EXCEED THE MUNICIPAL BUDGET APPROPRIATION LIMITS AND TO ESTABLISH A CAP BANK (N.J.S.A. 40A: 4-45.14)**

WHEREAS, the Local Government Cap Law, N.J.S. 40A: 4-45.1 et seq., provides that in the preparation of its annual budget, a municipality shall limit any increase in said budget up to .5% unless authorized by ordinance to increase it to 3.5% over the previous year's final appropriations, subject to certain exceptions; and,

WHEREAS, N.J.S.A. 40A: 4-45.15a provides that a municipality may, when authorized by ordinance, appropriate the difference between the amount of its actual final appropriation and the 3.5% percentage rate as an exception to its final appropriations in either of the next two succeeding years; and,

WHEREAS, the Municipal Council of the City of Jersey City in the County of Hudson finds it advisable and necessary to increase its CY 2014 budget by up to 3.5% over the previous year's final appropriations, in the interest of promoting the health, safety and welfare of the citizens; and,

WHEREAS, the Municipal Council hereby determines that a 3.0 % increase in the budget for said year, amounting to $11,979,353 in excess of the increase in final appropriations otherwise permitted by the Local Government Cap Law, is advisable and a prudent fiscal measure; and,

WHEREAS, the Municipal Council hereby determines that any amount authorized herein above that is not appropriated as part of the final budget shall be retained as an exception to final appropriation in either of the next two succeeding years.

NOW THEREFORE BE IT ORDAINED, by the Municipal Council of the City of Jersey City, in the County of Hudson, a majority of the full authorized membership of this governing body affirmatively concurring, that, in the CY 2014 budget year, the final appropriations of the City of Jersey City shall, in accordance with this ordinance and N.J.S.A. 40A: 4-45.14, be increased by 3.0 %, amounting to $11,979,353 and that the CY 2014 municipal budget for the City of Jersey City be approved and adopted in accordance with this ordinance; and,

BE IT FURTHER ORDAINED, that any that any amount authorized hereinabove that is not appropriated as part of the final budget shall be retained as an exception to final appropriation in either of the next two succeeding years; and,

BE IT FURTHER ORDAINED, that a certified copy of this ordinance as introduced be filed with the Director of the Division of Local Government Services within 5 days of introduction; and,

BE IT FURTHER ORDAINED, that a certified copy of this ordinance upon adoption, with the recorded vote included thereon, be filed with said Director within 5 days after such adoption.

APPROVED AS TO LEGAL FORM

_____
Corporation Counsel

APPROVED: _____

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

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

Full Title of Ordinance/Resolution

CALENDAR YEAR 2014
ORDINANCE TO EXCEED THE MUNICIPAL BUDGET APPROPRIATION LIMITS AND TO ESTABLISH A CAP BANK
(N.J.S.A. 40A: 4-45.14)

Initiator

Department/Division	Administration	Office of the Business Administrator
Name/Title	Bob Kakoleski	Acting Business Administrator
Phone/email	201-547-5147	

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

Resolution Purpose

An annual Cost-of-Living Adjustment is authorized under the original 1977 budget cap law, currently reflected as N.J.S.A. 40A: 4-45.1a. The COLA for CY 2014 budgets is calculated at one-half percent (.5%). Pursuant to N.J.S.A. 40A:4-45.2, "municipalities and counties shall be prohibited from increasing their final appropriations by more than 2.5%…" unless action is taken by the governing body to increase their final appropriations subject to the cap to the statutorily permitted three and a half percent (3.5%).

A municipality may by ordinance increase the COLA percentage up to 3.5% [N.J.S.A. 40A:4-45.14(b)] or bank (for up to two years) the difference between its final appropriation subject to the cap and 3.5%. Cap banking is not automatic. A single ordinance can be used to accomplish both activities: increasing appropriations and banking any unappropriated balance. Cap bank balances from 2012 and 2013 are available for use in 2014.

I certify that all the facts presented herein are accurate.

Signature of Department Director **Date** 3/5/14

City Clerk File No. Ord. 14.031

Agenda No. 3.B 1st Reading

Agenda No. _____ 2nd Reading & Final Passage

ORDINANCE OF JERSEY CITY, N.J.

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

CITY ORDINANCE 14.031

TITLE: **AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE III (PARKING, STANDING AND STOPPING) AND ARTICLE IX (PARKING FOR THE DISABLED) OF THE JERSEY CITY CODE DESIGNATING A RESERVED PARKING SPACE AT 22 BRIGHT STREET; 24 BRINKERHOFF STREET; 50 COLES STREET; 22 FAIRMOUNT TERRACE; 32 GREENVILLE AVENUE; 166 NEPTUNE AVENUE; 165 SEAVIEW AVENUE; 196 SECOND STREET; 417 UNION STREET; 592-594 WEST SIDE AVENUE AND 68A ZABRISKIE STREET AND REPEAL THE RESERVED PARKING SPACE AT 411-413 CATOR AVENUE**

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

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

Section 332-29 Disabled Parking Manual

Section 332-69 Restricted parking zones in front of or near residences of disabled drivers.

PARKING FOR THE DISABLED

Restricted parking spaces, (measuring approximately 22 feet in length) in front of residential building for use by persons who have been issued special vehicle identification cards by the Division of Motor Vehicles and handicapped parking permits issued by the Traffic Division.

Alvin Dingle	22 Bright St
Deborah Frazier	24 Brinkeroff St
Gloria Melendez	50 Coles St
Golois Freeman	22 Fairmount Ter [*411-413 Cator Av*]
Kyrie Frierson	32 Greenville Av
Queen Gaskins	166B Neptune Av
Evelyn Samano	165 Seaview Av
Isabel Chong	196 Second St
Kyrillos Ibrahim	417 Union St
Hak C. Koo	592-594 West Side Av
Abelardo Montesi	68A Zabriskie St

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

3. This ordinance shall be a part of the Jersey City Code as though codified and incorporated in the official copies of the Jersey City Code.

4. This ordinance shall take effect at the time and in the manner as prescribed by law.

Continued.....
JDS:pcl
(03.03.14)

5. The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

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

JDS:pcl
(03.03.14)

APPROVED: _____
Director of Traffic & Transportation

APPROVED: _____
Director
Architecture, Engineering, Traffic and Transportation

APPROVED AS TO LEGAL FORM

_____
Corporation Counsel

Certification Required ☐
Not Required ☐

APPROVED: _____
Director, Dept. of Public Works

APPROVED: _____
Business Administrator

ORDINANCE FACT SHEET

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

Full Title of Ordinance/Resolution

AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE III (PARKING, STANDING AND STOPPING) AND ARTICLE IX (PARKING FOR THE DISABLED) OF THE JERSEY CITY CODE DESIGNATING A RESERVED PARKING SPACE AT 22 BRIGHT STREET; 24 BRINKERHOFF STREET; 50 COLES STREET; 22 FAIRMOUNT TERRACE; 32 GREENVILLE AVENUE; 166 NEPTUNE AVENUE; 165 SEAVIEW AVENUE; 196 SECOND STREET; 417 UNION STREET; 592-594 WEST SIDE AVENUE AND 68A ZABRISKIE STREET AND REPEAL THE RESERVED PARKING SPACE AT 411-413 CATOR AVENUE

Initiator

Department/Division	Public Works	Architecture, Engineering, Traffic and Transportation
Name/Title	Joao D'Souza on behalf of Councilwoman Watterman, Chairwoman for the Municipal Council Committee for Disabled Parking	Director of Traffic and Transportation
Phone/email	201.547.4470	JOAO@jcnj.org

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

Ordinance Purpose

To designate a reserved parking space at or near the residence of those disabled individuals whose application for a reserved parking space, after being reviewed by the Municipal Council Committee for Disabled Parking, was approved. Designating a reserved parking space for these individuals will enhance the quality of their life.

I certify that all the facts presented herein are accurate.

Signature of Department Director **Date** 3/4/14

STEVEN M. FULOP
MAYOR OF JERSEY CITY

CITY OF JERSEY CITY

DEPARTMENT OF PUBLIC WORKS
PUBLIC WORKS COMPLEX | 575 ROUTE 440 | JERSEY CITY, NJ 07305
P: 201-547-4402 | F: 201-547-4803

MICHAEL RAZZOLI
DIRECTOR

MEMORANDUM

DATE: March 3, 2014

TO: Jeremy Farrell, Corporation Counsel

FROM: Patricia Logan, Supervising Traffic Investigator
Division of Architecture, Engineering, Traffic and Transportation

SUBJECT: **PROPOSED ORDINANCE**
RESERVED PARKING FOR THE DISABLED

At the request of the Municipal Council Committee for Disabled Parking, attached for your review and signature is an Ordinance proposed by this Division designating, repealing and or amending a reserved parking space at various locations throughout the City.

All of the locations listed on the Ordinance have been approved by the Municipal Council Committee for Disabled Parking.

It is anticipated that this legislation will be on the Agenda for the March 12, 2014 Municipal Council Meeting.

If you have any questions regarding this Ordinance, please feel free to contact me at ex. 4492 or at PatriciaL@jcnj.org.

Thank you.

Patricia Logan,
Supervising Traffic Investigator

Joao D'Souza,
Director of Traffic & Transportation

C: Stanley Huang, P.E., Municipal Engineer
Brian Weller, L.L.A., ASLA, Director, Architecture, Engineering, Traffic and Transportation
Michael Razzoli, Director, DPW
Robert Kakoleski, Acting Business Administrator
Muhammed Akil, Chief of Staff
Robert Byrne, City Clerk

City Clerk File No. Ord. 14.032

Agenda No. 3.C 1st Reading

Agenda No. _____ 2nd Reading & Final Passage

ORDINANCE OF JERSEY CITY, N.J.

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

CITY ORDINANCE **14.032**

TITLE: **ORDINANCE AMENDING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE II (TRAFFIC REGULATIONS) REPEALING SECTION 332-3 (TRAFFIC CONTROL SIGNAL MONITORING SYSTEM) OF THE JERSEY CITY MUNICIPAL CODE**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY HEREBY ORDAINS:

A. The following amendments to Chapter 332 (Vehicles and Traffic) Article II (Traffic Regulations) Section 3 (Traffic Control Signal Monitoring System) are hereby adopted:

VEHICLES AND TRAFFIC
ARTICLE II
Traffic Regulations

§332-2. Traffic control signals. No Change.

~~**§332-3. Traffic control signal monitoring system (red light cameras).**~~ **Reserved.**

~~[A. *Installation.*~~

~~(1) The City of Jersey City hereby determines to install and utilize a traffic control signal monitoring system [System] at various intersections within the City of Jersey City as approved by the Commissioner of Transportation pursuant to the Act.~~

~~(2) The System to be installed shall be approved by the Governing Body by resolution.~~

~~(3) The City of Jersey City shall have the authority to enter into a contract, following a lawful procurement process, for the installation of the System. Any contract that shall contain provisions contrary to the Act shall not be deemed invalid but rather reformed to conform to the Act.~~

~~(4) The signs notifying drivers that a System is being utilized shall be approved by the Municipal Engineer, and shall be placed on each street converging into the affected intersection as required by the Act.~~

~~(5) The Municipal Engineer shall inspect and certify the System at least once every six (6) months from the date of its installation.~~

~~B. *Issuance of a Summons.* The Police Department of the City of Jersey City shall review the recorded images produced by the System, to determine whether sufficient evidence exists demonstrating that a traffic control signal violation has occurred and shall issue a Summons when appropriate in accordance with the rules of the Court.~~

~~C. *Use of Recorded Images.*~~

~~(1) Except as otherwise provided in this section, the recorded images produced by the System shall be available for the exclusive use of the Police Department for the purpose of discharging his or her duties under P.L. 2007, Ch. 348.~~

~~(2) Any recorded image or information produced in connection with the System shall not be deemed a public record under N.J.S.A. 47:1A-1 et seq., or common law. The recorded images shall not be: (i) discoverable as a public record by any person, entity, or governmental agency, except upon a subpoena issued by a grand jury or a court order in a criminal matter, or (ii) offered as evidence in any civil or administrative proceeding not directly related to a traffic control signal violation.~~

~~(3) Any recorded image or information collected in connection with a traffic control signal violation shall not be retained after sixty (60) following the collection of any fine or penalty.~~

~~(4) If a summons is not issued within forty (40) business days following the traffic control signal violation, all recorded images and any information collected with respect to the traffic control signal violation shall be removed by the Police Department within two (2) business days.~~

~~(5) The City of Jersey City shall certify compliance of this Section by filing a report to with the Commissioner of Transportation in accordance with the Act.~~

~~D. *Owner's Liability.* The liability of the Owner and Operator of a motor vehicle for a traffic control signal violation summons pursuant to the System shall be joint subject to provisions of the Act.~~

~~E. *Fines.* Any person liable for a traffic control signal violation, pursuant to the Ordinance and the Act, utilizing the System shall be subject to the fines listed in Chapter 160.]~~

§332-4. Through §332-20. No Change.

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

C. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

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

E. The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

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

JM/he
2/20/14

APPROVED AS TO LEGAL FORM

Corporation Counsel

APPROVED: _____

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

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

Full Title of Ordinance/Resolution

§332-3. Traffic control signal monitoring system (red light cameras).

Initiator

Department/Division		
Name/Title	Rich Boggiano	Councilman
Phone/email	201-547-5159	

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

Resolution Purpose

Removal of Red light Cameras.
1. There is no certifiable witness to the alleged violation. The defendant loses the right to cross-examine his accuser in court.
2.The driver is not positively identified by the camera, so the default is to charge the vehicle's registered owner with the violation. The owner, who may not have been the driver, is presumed guilty. A bedrock principle of our justice system—a defendant is innocent until proven guilty—is unceremoniously jettisoned.
3.The chain of custody of photo evidence is murky at best. Rarely is a representative of the red-light camera company made available to testify in court as to the gathering, handling, or interpretation of the evidence. The rulings noted that there were no witnesses in court to testify about that evidence.
4. Red lights can cause rear-end accidents creating unsafe roads.

I certify that all the facts presented herein are accurate.

Signature of Department Director **Date** 3/24/14

City Clerk File No. Ord. 14.033

Agenda No. 3.D 1st Reading

Agenda No. _____ 2nd Reading & Final Passage

ORDINANCE OF JERSEY CITY, N.J.

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

CITY ORDINANCE 14.033

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

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

WHEREAS, Senate Place Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (Entity); and

WHEREAS, the Entity is the Contract Purchaser for certain property known as Block 7807, Lot 22, on the City's Official Tax map, and more commonly known by the street address of 25 Senate Place, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within an Urban Enterprise Zone as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g).; and

WHEREAS, the Entity has applied for a 20 year long term tax exemption to construct a new mixed use, market rate residential rental project, which will consist of five and one-half (5½) story mixed use building with approximately two hundred sixty-six (266) market rate residential rental units, five thousand five hundred sixty-seven (5,567) square feet of commercial retail space, one hundred twenty-eight (128) parking spaces, of which nineteen thousand five hundred eighty-four (19,584) square feet consists of commercial parking space located in Block 7807, Lot 22 on the City's Tax Map and more commonly known as 25 Senate Place, Jersey City [Project]; and

WHEREAS, the Project received a site plan approval from the Planning Board on May 21, 2012; and

WHEREAS, Senate Place Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 10% of the Annual Gross Revenue each year, which sum is estimated to be $520,369; and which shall be subject to statutory staged increases over the term of the tax exemption; and

2. pay an annual sum equal to 1% of each prior year's Annual Service Charge as an Administrative Fee; and

3. provide employment and other economic opportunities for City residents and businesses; and

4. pay to the City, for remittance to Hudson County, an amount equal to 5% of the Annual Service Charge upon receipt of that charge; and

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

5. pay the sum of $436,727 to the City's Affordable Housing Trust Fund; and

6. make a one time contribution to the City equal to 1.5% of the actual Gross Construction Cost, an element of Total Project Cost as defined in the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, which sum is estimated to be $339,699 based on the estimated Construction Costs; and

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

1. the current real estate taxes generate revenue of only $15,417, whereas, the Annual Service Charge as estimated, will initially generate revenue of more than $520,369 to the City and an additional sum of approximately $26,018 to Hudson County;

2. it is expected that the Project will create approximately 100 jobs during construction and 47 new permanent jobs;

3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;

4. the Project will further the overall redevelopment objectives of an Urban Enterprise Zone;

5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

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

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors needed to finance the Project;

2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, Senate Place Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing an appropriate letter in the Office of the City Clerk.

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

A. The application of Senate Place Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. a copy of which is on file in the office of the City Clerk, for Block 7807, Lot 22, more commonly known by the street address of 25 Senate Place, more specifically described by metes and bounds in the application is hereby approved.

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

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

1. Term: the earlier of 25 years from the adoption of the within Ordinance or 20 years from the date the project is Substantially Complete;

2. Annual Service Charge: each year the greater of:

   (a) the Minimum Annual Service Charge equal to $520,369 upon Project Completion, whether or not the Project is occupied; or

   (b) 10% of Annual Gross Revenue, which sum is estimated to be $520,369, and which shall be subject to statutory increases during the term of the tax exemption.

3. Administrative Fee: 1% of the prior year's Annual Service Charge;

4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County;

5. Project: A five and one-half (5½) story mixed use building with approximately two hundred sixty-six (266) market rate residential rental units, five thousand five hundred sixty-seven (5,567) square feet of commercial retail space, one hundred twenty-eight (128) parking spaces, of which nineteen thousand five hundred eighty-four (19,584) square feet consists of commercial parking space;

6. Affordable Housing Trust Fund: $1,500 per unit or $399,000 and $1.50 per square foot x 25,151 square feet (5,567+19,584) or $37,727, for a total of $436,727;

7. Make a one time contribution to the City equal to 1.5% of the actual Gross Construction Cost, an element of Total Project Cost as defined in the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, which sum is estimated to be $339,699 based on the estimated Construction Costs;

8. An obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses; and

9. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project begins within two (2) years of the date of the adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Tax Assessor and Director of the Division of Local Government Services.

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

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

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

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

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

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

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

DJ/JM/he
3/06/14

APPROVED AS TO LEGAL FORM

Corporation Counsel

APPROVED:

APPROVED:
Business Administrator

Certification Required ☐
Not Required ☐

TIER 3 - FINANCIAL AGREEMENT (20 YEAR)
Rev. 3-06-14
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.

Re: 25 Senate Place
Approximately Acres
Block 7807, Lot 22
An Urban Enterprise Zone

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the _____day of__, 20__ by and between **SENATE PLACE URBAN RENEWAL, LLC,** an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 30 Montgomery Street, 13th Floor, Jersey City, NJ 07302 [Entity], and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Owner pursuant to Deed dated December 20, 2012, of certain property designated as Block 7807, Lot 22, more commonly known by the street address of 25 Senate Place, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of an Urban Enterprise Zone]; and

WHEREAS, the Entity plans to construct a five and one-half (5½) story mixed use building with approximately two hundred sixty-six (266) market rate residential rental units, five thousand five hundred sixty-seven (5,567) square feet of commercial retail space, one hundred twenty-eight (128) parking spaces, of which nineteen thousand five hundred eighty-four (19,584) square feet consists of commercial parking space; [Project]; and

WHEREAS, on May 21, 2012, the Project received site plan approval from the Planning Board; and

WHEREAS, on December 11, 2013, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance_____ on _____, 2014, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

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

1. the current real estate tax generates revenue of only $15,417, whereas, the Annual Service charge as estimated, will generate revenue to the City of approximately $520,369;

2. the Entity has paid the City the sum of $145,575, and will pay the balance of $291,152 as an affordable housing contribution pursuant to Ordinance 13-088;

3. it is expected that the Project will create approximately 100 new construction jobs and 47 new permanent full time jobs;

4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;

5. the Project will further the objectives of the Marion Works Office Residential District, and will include the development of vacant property;

6. make a one time contribution to the City equal to 1.5% of the actual Gross Construction Cost, an element of Total Project Cost as defined in the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, which sum is estimated to be $339,699 based on the estimated Construction Costs;

7. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

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

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

2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

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

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 2013-004, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance _____ , which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

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

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

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

incorporated herein by reference.

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

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include a payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual Net Profit. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

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

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

ix. Entity - The term Entity within this Agreement shall mean Senate Place Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

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

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

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

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

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 13-004, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xv. Lease Up Period - Shall begin twelve months following Substantial Completion of the Project (Lease Up Date). During the Lease Up Period, the Entity shall pay the sum equal to the Minimum Annual Service Charge unless fully leased. The Lease Up Period for the Project expires 12 calendar months after the commencement of the Lease Up Date.

xvi. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be the greater of: (a) the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties agree is $15,417.29; (b) the sum of $520,369 per year, which sum is equal to the estimated Annual Service Charge will be due 12 months following Substantial Completion of the Project [during Lease Up Period, if applicable], and in the years in which Substantial Completion occurs and

this Agreement terminates [Minimum Annual Service Charge for condominium is based on initial assessed value].

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

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

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

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

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

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

any portion of the Project.

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

xxi. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be excluded from Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title. If the Service Charge is a percentage of Total Project Cost, then the Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 7807, Lot 22, more commonly known by the street address 25 Senate Place, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

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

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a five and one-half (5½) story mixed use building with approximately two hundred sixty-six (266) market rate residential rental units, five thousand five

hundred sixty-seven (5,567) square feet of commercial retail space, one hundred twenty-eight (128) parking spaces, of which nineteen thousand five hundred eighty-four (19,584) square feet consists of commercial parking space; all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

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

Section 2.5 Ownership, Management and Control

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

Section 2.6 Financial Plan

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

Section 2.7 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial rents and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 25 years from the date of the adoption of Ordinance _____ on _____, 2014, which approved the tax exemption or 20 years from the original date of Substantial Completion of the Project or _____20_____. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and

operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

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

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due 12 months following Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

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

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 6th year, the Annual Service Charge shall be 10% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 6th year following Substantial Completion until the last day of the 7th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 8th year following the Substantial Completion until the last day of the 10th year, an amount equal to the greater of the Annual Service

Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 10th year following Substantial Completion until the last day of the 12th year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

v. Final Stage: Beginning on the 1st day of the 13th year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and other remedies, the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

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

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as one (1%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution**. The Entity will pay the City the sum of $436,727 or [$1,500 per unit and $1.50 per square foot of commercial retail and commercial parking space] as a contribution. The sum shall be due and payable as follows:

i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;

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

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

Section 4.7 Material Conditions

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

Section 4.8 Additional Material Conditions

The Entity agrees to make a one time contribution to the City equal to 1.5% of the actual Gross Construction Cost, an element of Total Project Cost as defined in the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1. This sum is estimated to be $339,699 based on the estimated Construction Costs. It is due and payable upon the adoption of Ordinance _____ approving this Financial Agreement. The amount of the Buy-Up is subject to a "true up", which shall occur at the end of the year following Project Completion and the Audit of the Total Project Cost. The Entity agrees that the amount of the Buy-Up can be increased but never reduced.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

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

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

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

Section 6.2 Filing of Certificate of Occupancy

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

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

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

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year,

depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

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

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

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

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

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

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

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

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

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

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

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project, shall be void unless approved in advance by Ordinance of the Municipal Council. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement.

Section 9.2 Transfer Application Fee

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

ARTICLE X - COMPLIANCE

Section 10.1 Operation

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

terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

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

ARTICLE XI - DEFAULT

Section 11.1 Default

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

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or complete construction of an early childhood education facility as outlined in Section 4.8, the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

The City shall, among its other remedies, have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. In order to secure the full and

timely payment of the Annual Service Charge, the City on its own behalf, or on behalf of the Trustee, reserves the right to prosecute an In Rem Tax Foreclosure action against the Project Area in accordance with Applicable Law, as more fully set forth in this Financial Agreement.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy.

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

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

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

Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project , as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

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

Section 12.4 Conventional Taxes

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

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve

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

Section 13.2 Appeal of Assessment

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

ARTICLE XIV - WAIVER

Section 14.1 Waiver

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

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

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

Section 16.2 Sent by City

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

Senate Place Urban Renewal, LLC
30 Montgomery Street - 13th Floor
Jersey City, NJ 07302
Attn:

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

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

Section 16.3 Sent by Entity

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

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

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

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each

term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

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

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

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

Section 18.2 Conflicts

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

Section 18.3 Oral Representations

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

Section 18.4 Entire Document

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

Section 18.5 Good Faith

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

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

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

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

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

WITNESS:	**SENATE PLACE URBAN RENEWAL, LLC**
_____	_____
ATTEST:	**CITY OF JERSEY CITY**
_____	_____
ROBERT BYRNE **CITY CLERK**	**ROBERT KAKOLESKI** **ACTING BUSINESS ADMINISTRATOR**

City Clerk File No. Ord. 14.034

Agenda No. 3.E 1st Reading

Agenda No. _____ 2nd Reading & Final Passage

ORDINANCE
OF
JERSEY CITY, N.J.

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

CITY ORDINANCE 14.034

TITLE:

ORDINANCE AMENDING AND SUPPLEMENTING CHAPTER A351 (EXECUTIVE ORDERS AND ORDINANCES) OF THE JERSEY CITY CODE

WHEREAS, The Department of Human Resources was established by the adoption of Ordinance No. 14-008 on January 29, 2014; and

WHEREAS, every Department needs to be headed by a Director, N.J.S.A. 40A:69A-43a; and

WHEREAS the base salary, as increased by CPI, of the Director needs to be established so that it is in accord with the salaries of other department directors.

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

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

Fixed Salaries	**Title**
114,753*	Director, Department of Human Resources*

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

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

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

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

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

*(This base salary includes CPI through the date of the adoption of the ordinance)

JM/he
3/06/14

APPROVED AS TO LEGAL FORM

_____
Corporation Counsel

Certification Required ☐
Not Required ☐

APPROVED: _____

APPROVED: _____
Business Administrator

City Clerk File No. Ord. 14.020

Agenda No. 3.F 1st Reading

Agenda No. 2nd Reading & Final Passage

ORDINANCE OF JERSEY CITY, N.J.

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

CITY ORDINANCE 14.020

TITLE: **ORDINANCE APPROVING A 20 YEAR TAX EXEMPTION FOR A MARKET RATE MIXED USE RENTAL PROJECT TO BE CONSTRUCTED BY 360 NINTH STREET URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.**

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

WHEREAS, 360 Ninth Street Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (Entity); and

WHEREAS, the Entity is the Contract Purchaser for certain property known as Block 6902, Lot 29, on the City's Official Tax map, consisting of approximately 1.8 acres, and more commonly known by the street address of 364 Ninth Street, and more specifically described by metes and bounds, in the application (Property); and

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

WHEREAS, the Entity has applied for a 20 year long term tax exemption to construct a new mixed use, market rate residential rental project, which will consist of a six (6) story building with approximately eighty (80) market rate residential rental units, approximately twenty five thousand, eight hundred ninety six (25,896) square feet of ground floor commercial/retail space and approximately one hundred six (106) on site parking spaces located in Block 6902, Lot 29 on the City's Tax Map and more commonly known as 364 Ninth Street, Jersey City [Project]; and

WHEREAS, the Project received a site plan approval from the Planning Board on December 17, 2013; and

WHEREAS, 360 Ninth Street Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 10% of the Annual Gross Revenue each year, which sum is estimated to be $284,157; and which shall be subject to statutory staged increases over the term of the tax exemption; and

2. pay an annual sum equal to 1% of each prior year's Annual Service Charge as an Administrative Fee; and

3. provide employment and other economic opportunities for City residents and businesses; and

4. pay to the City, for remittance to Hudson County, an amount equal to 5% of the Annual Service Charge upon receipt of that charge; and

5. pay the sum of $158,844 to the City's Affordable Housing Trust Fund; and

6. make a one-time contribution to the City equal to 1.5% of the Project's actual Construction Costs as an element of Total Project Costs as defined in the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., estimated to be $23,467,500, which sum is estimated to be approximately $352,013; and

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

1. the current real estate taxes generate revenue of only $87,651 whereas, the Annual Service Charge as estimated, will initially generate revenue of more than $284,157 to the City and an additional sum of approximately $14,208 to Hudson County;

2. it is expected that the Project will create approximately 90 jobs during construction and 9 new permanent jobs;

3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;

4. the Project will further the overall redevelopment objectives of the Ninth & Brunswick Redevelopment Plan;

5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

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

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors needed to finance the Project;

2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, 360 Ninth Street Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing an appropriate letter in the Office of the City Clerk.

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

A. The application of 360 Ninth Street Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. a copy of which is on file in the office of the City Clerk, for Block 6902, Lot 29, more commonly known by the street address of 364 Ninth Street, more specifically described by metes and bounds in the application is hereby approved.

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

1. Term: the earlier of 25 years from the adoption of the within Ordinance or 20 years from the date the project is Substantially Complete;

2. Annual Service Charge: each year the greater of:

   (a) the Minimum Annual Service Charge equal to $284,157 upon Project Completion, whether or not the Project is occupied; or

(b) 10% of Annual Gross Revenue, which sum is estimated to be $284,157, and which shall be subject to statutory increases during the term of the tax exemption.

3. Administrative Fee: 1% of the prior year's Annual Service Charge;

4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County;

5. Project: A new multiple dwelling, market rate residential rental project, which will consist of a six (6) story building with approximately eighty (80) market rate residential rental units, approximately twenty five thousand, eight hundred ninety six (25,896) square feet of ground floor commercial/retail space and approximately one hundred six (106) on site parking spaces;

6. Affordable Housing Trust Fund: $1,500 per unit or $120,000 and $1.50 per square foot x 25,896 square feet or $38,844, for a total of $158,844;

7. A one-time contribution to the City equal to 1.5% of the Project's actual Construction Costs as an element of Total Project Costs as defined in the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., estimated to be $23,467,500, which sum is estimated to be approximately $352,013; and

8. An obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;

9. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project begins within two (2) years of the adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Tax Assessor and Director of the Division of Local Government Services.

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

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

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

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

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

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

JM/he
2/04/14

APPROVED AS TO LEGAL FORM

Corporation Counsel

APPROVED:

APPROVED:
Business Administrator

Certification Required ☐
Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

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

Full Title of Ordinance/Resolution

ORDINANCE APPROVING A 20 YEAR TAX EXEMPTION FOR A MARKET RATE MIXED USE RENTAL PROJECT TO BE CONSTRUCTED BY 360 NINTH STREET URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

Initiator

Department/Division	Administration	Tax Assessor's Office
Name/Title	Al Cameron	Fiscal Officer
Phone/email	(201) 547-5188	CameronA@jcnj.org

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

Resolution Purpose

360 Ninth Street Urban Renewal, LLC, is an urban renewal entity, and contract purchaser for property known as Block 6902, Lot 29, on the City's Official Tax map, more commonly known by the street address of 364 Ninth Street, located within the Ninth & Brunswick Redevelopment Plan Area as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g). The project falls within Tier 2 of the Mayor's Tax Exemption policy; the Entity has elected to buy-up into Tier 3 by making a one-time contribution equal to 1.5% of actual construction costs.

The Entity has applied for a 20 year tax exemption to construct a new mixed use, market rate residential rental project, which will consist of a six (6) story building with eighty (80) market rate residential rental units, twenty five thousand, eight hundred ninety six (25,896) square feet of ground floor commercial/retail space and one hundred six (106) on site parking spaces. The project will create 90 construction jobs and 9 permanent jobs.

I certify that all the facts presented herein are accurate.

Signature of Department Director **Date**

DATE: January 24, 2013

TO: Diana Jeffrey (For distribution to City Council and City Clerk)

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

SUBJECT: TWENTY YEAR TAX ABATEMENT: MIXED USE RENTAL PROJECT - 360 Ninth Street, Urban Renewal LLC, - 364 Ninth Street Block 6902 Lot 29

CC: M. Cosgrove, J. Monahan

INTRODUCTION:

The applicant, 360 Ninth Street Urban Renewal, LLC, is applying for a twenty (20) year tax abatement under N.J.S.A. 40 A: 20-1 et seq. It is a mixed use rental project within the Ninth and Brunswick Redevelopment Plan area. This is a two phase project with the potential for a third phase. This application is only for Phase I. The application fee of $9,500 was paid.

LOCATION OF THE PROPERTY:

The property is located at Brunswick and Ninth Streets known as 364 Ninth Street (to be known as 255 Brunswick Street). It is part of Block 6902 Lot 29. Condominium unit I of approximately 27,993 Square Feet will be created from a portion of the existing lot. The Entity is a contract purchaser for Condominium I by contract for sale dated January 28, 2014.

PROPERTY TO BE CONSTRUCTED:

The project is a mixed-use six (6) story rental building with eighty (80) residential units, approximately 25,896 square feet of ground level retail/commercial space and one hundred and six (106) parking spaces.

ESTIMATED TOTAL CONSTRUCTION COST:

The cost of construction is estimated at $23,467,500.

CONSTRUCTION SCHEDULE:

Construction is to begin in April 2014 and is expected to be completed in thirty-six (36) months.

ESTIMATED JOBS CREATED:

The applicant estimates creation of ninety (90) jobs during Construction and approximately nine (9) permanent jobs after construction. The applicant will execute a Project Employment and Contracting Agreement. However; based upon the estimated construction cost, a Project Labor Agreement is not required.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTIONS:

At the rate of $1,500 per residential unit for eighty (80) units and $1.50 per square foot for 25,896 SF of retail space, the applicant proposes an AHTF contribution of $158,844. Projected revenue includes parking however the application does not provide an AHTF Contribution for the commercial space provided for parking.

CURRENT REAL ESTATE TAXES:

Tax Assessor estimates that the assessment for the portion of the land used to create a condominium unit, for the first phase of the development would be $597,600. At the current tax rate of $74.66 the estimated tax would be $44,617. Taxes for the property are current.

PROPOSED ABATEMENT:

The property is in Tier II of the Tax Abatement Policy Map. The Applicant is proposing to make a contribution of 1.5 % of the actual construction costs to the City for youth, recreation and education programs and move into a Tier III Abatement. The total required payment would be $352,013 subject to an audit of the final cost.

The applicant has requested a term of the lesser of twenty-five (25) years from the date of approval of an ordinance approving the abatement or twenty (20) years from substantial completion of the project. The Applicant proposes an annual service charge based upon ten percent (10%) of gross revenue. In addition the Applicant would pay an annual service Charge to Hudson County based upon five percent (5%) of the service charge and an administrative fee to the City of one percent (1%).

The Applicant in its application proposes no staged adjustments until year fifteen (15). The Tax Assessor estimates the land assessment for the proposed Condominium I at $597,600. The applicant proposes an eighteen (18) month lease-up period.

PROPOSED REVENUE TO THE CITY:

At full occupancy the estimated annual revenue is $2,841,564. The proposed market rents used for the revenue estimates seem to be reasonable. The Annual Service charge at the rate of ten percent (10%) is $284,157. The City Administrative fee at one percent (1%) would be $2,842 and the Hudson County fee of five percent (5%) would be $14,208.

FISCAL IMPACT COST PROJECTION
360 NINTH STREET UR
Block: 6902 Lot: 29

Market Rate Rentals	Number of Units	Demographic Multipliers Household	Students	Total Residents	Total Students	Annual Expenditures Per Capita Municipal	Per Pupil School District	Municipal	School District	Total Annual Expenditures Municipal & School District
1 - Bedroom	25	1.421	0.000	35.525	0.000	$1,159.65	$3,005.00	$41,196.58	$0.00	$41,196.58
2 - Bedroom	35	2.012	0.032	70.420	1.120	$1,159.65	$3,005.00	$81,662.59	$3,365.60	$85,028.19
3 - Bedroom	20	2.798	0.038	55.960	0.760	$1,159.65	$3,005.00	$64,894.04	$2,283.80	$67,177.84
TOTAL	**80**							**$187,753.21**	**$5,649.40**	**$193,402.61**

1. Total Municipal Ratables	$5,786,339,559	4. Fiscal Year 2013 Budget	$500,097,007	6. Population of Jersey City (2010 Census)	247,597	9. Increase in Services Incurred Per Development	193,402.61
Commercial Ratables	$1,357,107,487						
2. Residential Ratables	$3,322,172,316			7. Per Capita Municipal Cost		10. Anticipated Gross PILOT *(First Year)*	284,157.00
				Municipal Portion	$1,159.65	1% Admin:	2,841.57
						5% County:	14,207.85
3. Residential Ratables as a Percentage of				8. Annual Expenditures Per Student		Less land (74.66):	(87,650.84)
Total Ratables	57.41%	5. Residential Portion	$287,125,983	Municipal Portion	$3,005.00	11. First Year Net PILOT	213,555.58
						12. Net Surplus (Cost) to City	$ 20,152.97

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

See attached Schedule for staged increases in PILOT over the term

TIER 3 - FINANCIAL AGREEMENT (20 YEAR)
Rev. 3/06/14
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.

Re: 364 Ninth Street
Approximately 1.8 Acres
Block 6902, Lot 29
Ninth & Brunswick Redevelopment Plan or

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the ___day of_____, 20__ by and between **360 NINTH STREET URBAN RENEWAL, LLC,** an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 155 Second Street, Jersey City, NJ 07302 [Entity], and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Contract Purchaser dated January 28, 2014, of certain property designated as Condo Unit 1 within a portion of Block 6902, Lot 29, more commonly known by the street address of 364 Ninth Street, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the Ninth & Brunswick Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct a six (6) story building with approximately eighty (80) market rate residential rental units, approximately twenty five thousand, eight hundred ninety six (25,896) square feet of ground floor commercial/retail space and approximately one hundred six (106) on site parking spaces [Project]; and

WHEREAS, on August 20, 2013 and October 17, 2013, the Project received site plan approval from the Planning Board; and

WHEREAS, on December 18, 2013, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance_____ on _____, 2014, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

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

1. the current real estate tax generates revenue of only $87,651 (underlying land assessment for all Condominium Units/Phases as well), whereas, the Annual Service Charge as estimated, will generate revenue to the City of approximately $284,157;

2. the Entity will pay the City the sum of $158,844 as an affordable housing contribution pursuant to Ordinance 13-088;

3. a one-time contribution to the City equal to 1.5% of the Project's actual Gross Construction Costs, estimated to be $23,467,500, which sum is estimated to be approximately $352,013;

4. it is expected that the Project will create approximately 90 new construction jobs and 9 new permanent full time jobs;

5. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;

6. the Project will further the objectives of the Ninth & Brunswick Redevelopment Plan, and will include the [remediation or development] of vacant property;

7. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

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

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

2. the relative stability and predictability of the service charges will allow the Contract Purchaser to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

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

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 2013-004, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance _____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

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

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

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

incorporated herein by reference.

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

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include a payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual Net Profit. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

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

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

ix. Entity - The term Entity within this Agreement shall mean 360 Ninth Street Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

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

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

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

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

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 13-004, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xv. Lease Up Period - Shall begin twelve months following Substantial Completion of the Project (Lease Up Date). During the Lease Up Period, the Entity shall pay the sum equal to the Minimum Annual Service Charge unless fully leased. The Lease Up Period for the Project expires 12 calendar months after the commencement of the Lease Up Date.

xvi. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be the greater of: (a) the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties agree is $87,651; or (b) the sum of $284,157 per year, which sum is equal to the estimated Annual Service Charge, will be after the Lease Up Period expires or 12 months following Substantial Completion of the Project.

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

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

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

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

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

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

xx. Termination - Any act or omission which by operation of the terms of this Financial

Agreement shall cause the Entity to relinquish its tax exemption.

xxi. Total Project Cost - The total cost of constructing the Phase I Project through the date a Certificate(s) of Occupancy is issued for the Phase I Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be included from Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title. If the Service Charge is a percentage of Total Project Cost, then the Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 6902, Lot 29, more commonly known by the street address 364 Ninth Street, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

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

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a six (6) story building with approximately eighty (80) market rate residential rental units, approximately twenty five thousand, eight hundred ninety six (25,896) square feet of ground floor commercial/retail space and approximately one hundred six

(106) on site parking spaces; all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

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

Section 2.5 Ownership, Management and Control

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

Section 2.6 Financial Plan

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

Section 2.7 Good Faith Estimate of Initial Rents [or Sales Prices]

The Entity represents that its good faith projections of the initial [sale prices or rents] and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

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

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

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

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon the expiration of the Lease Up Period or 12 months following Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

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

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 6th year, the Annual Service Charge shall be 10% of Annual Gross Revenue;

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

iii. Stage Three: Beginning on the 1st day of the 10th year following the Substantial Completion until the last day of the 14th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and

Improvements;

iv. Stage Four: Beginning on the 1st day of the 15th year following Substantial Completion until the last day of the 18th year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

v. Final Stage: Beginning on the 1st day of the 19th year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit approximately equal to 1/2 of the existing land tax (upon filing of the Master Deed). This amount is approximately 1/2 of the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. Upon filing the Master Deed to create the Condominium Unit 1 (Phase 1) for the Project, the Entity shall be entitled to a Land Tax credit against the Annual Service Charge for Land Tax payment made only for the new Condominium Unit 1 (Phase 1) for the Project. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and other remedies, the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1 et seq., and /or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year.

In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as one (1%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution**. The Entity will pay the City the sum of $158,844 or [$1,500 per unit or $1.50 per square foot of commercial/retail space] as a contribution. The sum shall be due and payable as follows:

i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;

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

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

Section 4.7 Material Conditions

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

Section 4.8 Additional Service Charge

The Entity agrees to make a one time contribution to the City equal to 1.5% of the actual Gross Construction Cost, an element of Total Project Cost as defined in the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1. This sum is estimated to be $352,013 based on the estimated Construction Costs. It is due and payable upon the adoption of Ordinance _____ approving this Financial Agreement. The amount of the Buy-Up is subject to a "true up", which shall occur at the end of the year following Project Completion and the Audit of the Total Project Cost. The Entity

agrees that the amount of the Buy-Up can be increased but never reduced.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

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

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

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

Section 6.2 Filing of Certificate of Occupancy

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

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

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

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

Section 7.2 Periodic Reports

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

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

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

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

the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

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

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

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

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

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

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

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount

of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project, shall be void unless approved in advance by Ordinance of the Municipal Council. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement.

Section 9.2 Transfer Application Fee

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

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but

also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

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

ARTICLE XI - DEFAULT

Section 11.1 Default

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

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

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

Section 11.3 Remedies Upon Default

The City shall, among its other remedies, have the right to proceed against the property

pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. In order to secure the full and timely payment of the Annual Service Charge, the City on its own behalf, or on behalf of the Trustee, reserves the right to prosecute an In Rem Tax Foreclosure action against the Project Area in accordance with Applicable Law, as more fully set forth in this Financial Agreement.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy.

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

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in

Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project , as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

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

Section 12.4 Conventional Taxes

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

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party

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

Section 13.2 Appeal of Assessment

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

ARTICLE XIV - WAIVER

Section 14.1 Waiver

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

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be

borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

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

Section 16.2 Sent by City

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

360 Ninth Urban Renewal, LLC
155 Second Street
Jersey City, NJ 07302
Attn:

and

Connell Foley, LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
Attn: Charles J. Harrignton, III, Esq.

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

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

Section 16.3 Sent by Entity

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

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

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

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

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

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

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

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

Section 18.2 Conflicts

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

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications

thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

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

Section 18.5 Good Faith

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

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

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

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

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

WITNESS:	**360 NINTH STREET URBAN RENEWAL, LLC**
_____	_____
ATTEST:	**CITY OF JERSEY CITY**
_____	_____
ROBERT BYRNE	**ROBERT KAKOLESKI**
CITY CLERK	**ACTING BUSINESS ADMINISTRATOR**