

**THIS FINANCIAL AGREEMENT**, (“**Agreement**”) is made this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by and between **750 Walnut Avenue Residential Urban Renewal LLC**, (“**Walnut URE**”) an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.*, (the “**LTTEL**”) having its principal office located at Hartz Mountain Industries, 500 Plaza Drive, P.O. Box 1515, Secaucus, New Jersey 07096-1515, and **Township of Cranford**, a public body corporate and politic of the State of New Jersey, having its principal office located at Cranford Township Municipal Building, 8 Springfield Avenue, Cranford, New Jersey 07016 (the “**Township**” together with “**Walnut URE**”, collectively the “**Parties**”).

#### **RECITALS**

**WHEREAS**, the Mayor and Council of the Township have designated certain lands located on 750 Walnut Avenue and designated as Block 541, Lot 2 and as described in **Exhibit A** attached hereto and made a part hereof (the “**Hartz Property**”) an area in need of redevelopment with condemnation under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, *et seq.* (the “**LRHL**”); and

**WHEREAS**, the Hartz Property is a total of 30.5 acres located and was previously used as a mixed office and commercial development; and

**WHEREAS**, on December 14, 2021, in accordance with N.J.S.A. 40A:12A-7, the Township adopted a Redevelopment Plan dated November 18, 2021 providing for the redevelopment of the Hartz Property, as amended on February 22, 2022 (the “**Redevelopment Plan**”); and

**WHEREAS**, the Township acts as the redevelopment entity for such Redevelopment Plan in accordance with N.J.S.A. 40A:12A-4; and

**WHEREAS**, the Redevelopment Plan for the Hartz Property allows for the subdivision of the Hartz Property into two Subdistricts: Subdistrict 1 (the “**Residential Property**”) permitting the development of an inclusionary development of 250 total residential units, of which thirty eight (38) affordable housing units would be set aside for very low, low, and moderate income households (the “**Inclusionary Project**”), and Subdistrict 2 (the “**Commercial Property**”) permitting the development of up to 250,000 ft. of nonresidential uses (the “**Commercial Project**”) and collectively the Inclusionary Project and the Commercial Project are referred to as the “**Hartz Project**”; and

**WHEREAS**, on or about June 28, 2022, the Township and Walnut URE executed a Redevelopment Agreement (the “**Redevelopment Agreement**”) for a redevelopment of the Residential Property for the Inclusionary Project in accord with the Redevelopment Plan; and

**WHEREAS**, the Redevelopment Agreement provides that the Township would, subject to certain conditions set forth therein, negotiate an agreement for a tax exemption and payments in lieu of taxes, pursuant to the LTTEL with Walnut URE solely for the Inclusionary Project; and

**WHEREAS**, pursuant to the LTTEL, on November 18, 2022 Walnut URE filed an application for tax exemption for the Inclusionary Project on the Residential Property (the “**Application**”), a copy of which is attached hereto as **Exhibit B**; and

**WHEREAS**, the Township has determined that the Inclusionary Project will result in significant benefits to the Township, including:

- (i) the demolition and removal of obsolete and derelict structures and improvements formerly utilized in connection with the Hartz Property;
- (ii) the creation of affordable housing for very low, low, and moderate income households in furtherance of the Township’s court approved Housing

Element and Fair Share Plan from In re the Township of Cranford, County of Union, UNN-L-3976-18; and

- (iii) the creation of jobs during construction; and,
- (iv) new business that will contribute to the economic growth of the Township, such that the Inclusionary Project can result in significant benefits to the Township which are far greater to the Township than the cost, if any, associated with the grant of a tax exemption for the Residential Property; and

**WHEREAS**, this Agreement will assist Walnut URE in meeting the extraordinary costs associated with the Inclusionary Project including demolition, providing a large open space area accessible to the public and facilitate the marketing of the affordable housing units with the intention to effect a stabilization of the overall Inclusionary Project; and

**WHEREAS**, on \_\_\_\_\_, the Township adopted Ordinance No. \_\_\_\_\_ (the “**Ordinance**”) approving this Financial Agreement, a copy of which Ordinance is attached hereto as **Exhibit C**.

**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 LTTEL and the LRHL, and any other applicable state, federal or local laws, rules, regulations, statutes and ordinances applicable to the (“**Applicable Law**”). This Agreement shall also be governed by the Ordinance, pursuant to

which the Township approved the Annual Service Charge, the Minimum Annual Service Charge, and authorized the execution of this Agreement.

## **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:

Affordable Unit – shall mean a residential unit that is subject to restrictions on sale price, rental price, or purchaser income in accord with the requirements of the Uniform Housing Affordability Controls (“UHAC”) *N.J.A.C. 5:80-26.1 et seq.*

Allowable Net Profit (or “ANP”) - The Net Profit of Walnut URE that does not exceed the Allowable Profit Rate, pursuant to the provisions of *N.J.S.A. 40A:20-3.c.*

Allowable Profit Rate (or “APR”) – The Allowable Profit Rate for the purpose of this Agreement is the greater of 12% or 1.25% over permanent financing for the Inclusionary Project, as permitted pursuant to *N.J.S.A. 40A:20-3.b.*

Annual Service Charge - The annual amount Walnut URE has agreed to pay the Township in lieu of full taxation on the Residential Improvements on the Inclusionary Project pursuant to *N.J.S.A. 40A:20-12* and as further set forth in Section 4.1.

Annual Service Charge Start Date – as defined in Section 4.1(a).

Auditor’s Report – A complete financial statement outlining the financial status of the Inclusionary Project (for the relevant period of time), the contents of which have been prepared in a manner consistent with the current standards of the Financial Accounting Standards Board, and which fully details all items as required by all state statutes, which has been certified as to its conformance with such standards by a certified public accountant who is, or whose firm is, licensed to practice that profession in the State of New Jersey.

Certificate of Occupancy - A document issued by the Township authorizing the occupancy of a building, whether temporary or permanent or in whole or in part, pursuant to *N.J.S.A. 52:27D-133*, and any other Applicable Law.

Certificate of Completion - A determination by the Township made with respect to the Inclusionary Project that the construction activities entailed are completed in all material respects and that the Inclusionary Project is ready for its intended use. The date for issuance of the Certificate of Completion shall ordinarily mean the date upon which the Inclusionary Project receives, or is eligible to receive, its last temporary or permanent Certificate of Occupancy.

Effective Date –The date upon which the last party executes this Agreement.

Gross Revenue - Any and all revenue derived by Walnut URE in connection with the Inclusionary Project as defined by *N.J.S.A. 40A:20-3.a*, excluding any gain from the sale of a Unit as provided for in the statutory definition.

Initial Annual Service Charge – shall be Nine Hundred Thirty-One Thousand One Hundred Fifty-One and 00/100 Dollars (\$931,151.00) subject to adjustment at the end of each fiscal year as set forth in Section 4.1.

In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the Township may enforce a lien for real estate taxes or other municipal charges due and owing by tax sale, under *N.J.S.A. 54:5-1 et seq.* and/or any other Applicable Law.

750 Walnut Avenue Residential Urban Renewal, LLC- a New Jersey limited liability company established and operated pursuant to the laws of the State of New Jersey with offices located at c/o Hartz Mountain Industries, 500 Plaza Drive, P.O. Box 1515, Secaucus, New Jersey 07096-1515 or any successor in interest of the Inclusionary Project in whole or in part, provided such successor(s) in interest is formed and is operated under Applicable Law and the form utilized

is qualified by the State of New Jersey Department of Community Affairs to be an urban renewal entity and the transfer has been duly approved by the Township.

Land Taxes - The amount of taxes assessed on the value of land on which the Residential Improvements are located.

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

Market Unit - shall mean any Unit for which (i) no restrictions or limitations are imposed on the sales or rental prices, and (ii) no payments of any kind are required in lieu of restrictions or limitations on the sales or rental prices.

Minimum Annual Service Charge – The amount Walnut URE has agreed to pay the Township in lieu of full taxation of the Residential Improvements prior to receipt of a Certificate of Completion as further set forth in Section 4.3.

Net Profit - The Gross Revenue of Walnut URE, less all operating and non-operating expenses of Walnut URE for the Inclusionary Project, all determined in accordance with generally accepted accounting principles and the provisions of *N.J.S.A. 40A:20-3.c*.

Owner – Each and every owner, whether in fee simple or otherwise, of any portion of the Residential Property or any Improvement related thereto, other than a Successor Unit Purchaser, regardless of whether such owner shall be Walnut URE, a subsequent urban renewal entity, as the same is defined in the LTTEL and pursuant to the terms set forth herein, or any other company, entity or person.

Residential Improvements – Any improvement required by the Redevelopment Plan and/or Redevelopment Agreement, including but not limited to any residential building,

structure or fixture permanently affixed to the Land or any structure or fixture affixed to the Residential Property and to be constructed as part of the Inclusionary Project.

Successor Unit Purchaser – In the event of a conversion to a condominium form of ownership, the purchaser of a for-sale Unit of the Inclusionary Project, who pursuant to *N.J.S.A.* 40A:20-14, shall continue to be subject to the provisions of this Financial Agreement.

Term – is defined in Section 3.1.

Termination – the expiration of the term of this Agreement in accordance with Section 3.1 or Section 11.1 hereof which by operation of the terms of this Financial Agreement shall cause the relinquishment of the tax exemption applicable to any Unit.

Unit – one of the residential dwellings to be built as part of the Inclusionary Project, the tax exemption upon which shall continue and inure to the benefit of any successor and assign in accordance with the terms hereof.

## **ARTICLE II – APPROVAL**

### **Section 2.1 Approval of Tax Exemption.**

The Township hereby grants its approval for this Financial Agreement and the Long-Term Tax Exemption for the Inclusionary Project to be constructed upon the Residential Property and Land Taxes, in accordance with the terms and conditions of this Financial Agreement and the provisions of the LTTEL.

### **Section 2.2 Approval of 750 Walnut Avenue Residential Urban Renewal, LLC (“Walnut URE”).**

Approval is hereby granted to Walnut URE as designated Redeveloper to enter into this Financial Agreement, a copy of whose Certificate of Formation is attached and annexed hereto as **Exhibit D**. Walnut URE represents that its Certificate of Formation contains all the requisite

provisions of Applicable Law, has been reviewed and approved by the Commissioner of the State of New Jersey Department of Community Affairs and has been filed with, as appropriate, the State of New Jersey Department of Treasury, all in accordance with *N.J.S.A.* 40A:20-5.

**Section 2.3 Improvements to be Constructed; Redevelopment Agreement.**

Walnut URE represents that it will construct and complete the Residential Improvements required for completion of the Inclusionary Project in accordance with the terms and conditions of the Redevelopment Agreement and/or the Redevelopment Plan and shall comply with the provisions of all Applicable Law.

**Section 2.4 Ownership, Management and Control.**

Walnut URE represents that it is the owner of the Residential Property upon which the Inclusionary Project will be constructed. The Residential Property is to be managed by an entity designated by Redeveloper with notice to the Township.

**Section 2.5 Financial Plan.**

The Residential Improvements shall be financed in accordance with the financial plan, as more specifically described in the Application. The plan sets forth the estimated Total Project Cost, as defined in *N.J.S.A.* 40A: 20-3.h, for the Inclusionary Project, the source of funds and the source and amount of paid-in capital.

**ARTICLE III - DURATION OF AGREEMENT**

**Section 3.1 Term.**

So long as there is compliance with the LTTEL, the Redevelopment Plan, the Redevelopment Agreement and this Agreement, this Agreement shall remain in effect for thirty (30) years from the date of the Certificate of Completion, (but in no event later than 35 years after the date of this Agreement pursuant to *N.J.S.A.* 40A:20-13) subject to the further limitations and



agreements contained herein, and shall only be effective and in force during the period while the Residential Improvements are owned by an urban renewal entity formed pursuant to *N.J.S.A.* 40A:20-5 and Title 15A of the New Jersey Statutes or Units are owned by Successor Unit Purchasers, which Successor Unit Purchasers shall assume the benefits and obligations of this Agreement (the “**Term**”). After the expiration of the Term or termination by Walnut URE pursuant to *N.J.S.A.* 40A:20-13: (i) the exemption for the Residential Improvements and Land Taxes shall expire and the Residential Property and the Residential Improvements and Land Taxes shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Township, and (ii) all restrictions and limitations upon Walnut URE shall terminate. In the event of a termination by Walnut URE, such termination shall be subject to Walnut URE rendering, and the Township’s acceptance of Walnut URE’s final accounting. Provided, however, that after the conveyance of the first Unit lease to a Unit tenant, Walnut URE may not terminate this Agreement. For the purposes of this section, “Conveyance” shall mean when a lease agreement for a Unit is agreed to by Walnut CRE and the tenant, beyond any applicable cancellation period.

#### **ARTICLE IV - ANNUAL SERVICE CHARGE**

##### **Section 4.1 Annual Service Charge**

In consideration of the aforesaid exemption from taxation on Residential Improvements and Land Taxes, Walnut URE or Successor Unit Purchasers shall make payment to the Township of the Annual Service Charge set forth in this Section 4.1. commencing on the Annual Service Charge Start Date. Subject to the terms of this Agreement, Walnut URE’s obligation to pay the Annual Service Charge shall be absolute and unconditional and shall not be subject to any defense, set-off,

recoupment or counterclaim under any circumstances, except as expressly set forth in this Agreement.

(a) The Initial Annual Service Charge shall commence and be calculated from the first day of the month following the issuance by the Township of the Certificate of Completion.

(b) Throughout the term of this Agreement, the amount of the Annual Service Charge shall never be less than the amount of the Annual Service Charge as set forth in this Section 4.1 or the Minimum Annual Service Charge set forth in Section 4.3 of this Agreement. The Minimum Annual Service Charge shall not be reduced through any tax appeal on the Residential Improvement during the period that this Agreement is in force and effect. Walnut URE represents and warrants that it has not and will not during the Term of this Agreement file an appeal of the Township taxes or municipal charges for Residential Improvements and is not aware of any other party filing an appeal of the Township taxes or municipal charges for the Residential Property and/or Residential Improvements. The filing of any such appeal during the Term of this Agreement shall constitute a default hereunder. The Parties agree that there shall be no interim or added improvement assessment on the Residential Improvements during the construction of the Inclusionary Project.

(c) For each year from the first year through the tenth year, the Annual Service Charge shall be the greater of the following:

- i. The amount calculated by multiplying the Annual Service Charge of the prior year (which, for the first year only shall be the amount determined pursuant to section 4.04(c) prior to the addition of the Land Taxes) by 1.0248, which amount is the historical average of the Consumer Price Index for this area for the 25 years preceding October 2022; or
- ii. The amount calculated as 11.5% of Annual Gross Revenue.

(d) For each year from the eleventh year through the fifteenth year, the Annual Service Charge shall be the greatest of the following:

- i. The amount calculated by multiplying the Annual Service Charge of the prior year by 1.0248; or
- ii. The amount calculated as 12.5% of Annual Gross Revenue; or
- iii. The amount calculated as 20% of the amount of real estate taxes otherwise due on the value of the Residential Improvements.

(e) For each year from the sixteenth year through the twentieth year, the Annual Service Charge shall be the greatest of the following:

- i. The amount calculated by multiplying the Annual Service Charge of the prior year by 1.0248%; or
- ii. The amount calculated as 12.5% of Annual Gross Revenue; or
- iii. The amount calculated as 40% of the amount of real estate taxes otherwise due on the value of the Residential Improvements.

(f) For each year from the twenty-first year through the twenty-fifth year, the Annual Service Charge shall be the greatest of the following:

- i. The amount calculated by multiplying the Annual Service Charge of the prior year by 1.0248%; or
- ii. The amount calculated as 13.5% of Annual Gross Revenue; or

- iii. The amount calculated as 60% of the amount of real estate taxes otherwise due on the value of the Residential Improvements.

(g) For each year from the twenty-sixth year through the thirtieth year, the Annual Service Charge shall be the greatest of the following:

- i. The amount calculated by multiplying the Annual Service Charge of the prior year by 1.0248%; or
- ii. The amount calculated as 13.5% of Annual Gross Revenue; or
- iii. The amount calculated as 80% of the amount of real estate taxes otherwise due on the value of the Residential Improvements.

#### **Section 4.2 Quarterly Installments**

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

#### **Section 4.3 Minimum Annual Service Charge**

During the period after commencement of construction and prior to the issuance of a Certificate of Completion of the Inclusionary Project and/or Unit(s), Walnut URE shall pay a Minimum Annual Service Charge, pursuant to *N.J.S.A. 40A:20-12*. The Minimum Annual Service Charge shall be the amount of the total taxes including Land Taxes levied against all real property in the area covered by the Residential Property in the last full tax year in which the area was subject to taxation.

#### **Section 4.4 Material Conditions.**

It is expressly agreed and understood that the timely payments of Minimum Annual Service Charges, Annual Service Charges, including adjustments thereto, and any interest thereon, and the Tax Exemption granted herein are material conditions ("Material Conditions") of this Agreement.

**Section 4.5 Other Municipal Services.**

Nothing herein shall exempt Walnut URE from the payment of any municipal services, including sewer and water charges, rendered to the Residential Property (collectively “Municipal Charges”). Walnut URE shall timely pay for Municipal Charges rendered to the Residential Property. Failure to timely pay the Municipal Charges shall be a default under this Agreement and the Township shall retain the right to pursue all remedies to collect such payments, including, but not limited to, the right to institute collection through a tax lien sale pursuant to *N.J.S.A. 54:5-1 et seq.*, and terminate this Agreement.

**Section 4.6 Collections for Past Due Amounts**

In addition to the other remedies included in this Agreement, for payments due under this Article 4 that remain unpaid past their due dates, Walnut URE acknowledges that the Township will have the right to institute collection through a tax lien sale pursuant to *N.J.S.A. 54:5-1, et seq.*, if such amounts remain unpaid and further that such payments shall accrue interest.

**ARTICLE V – CERTIFICATE OF OCCUPANCY**

**Section 5.1 Certificate of Occupancy**

It shall be the obligation of Walnut URE to make application for and make all commercially reasonable efforts to obtain all Certificates of Occupancy in a timely manner. It shall be the primary responsibility of Walnut URE to forthwith file with the Tax Assessor, the Tax Collector and the Township Manager, a copy of any Certificate of Occupancy.

In the event that Walnut URE fails to secure Certificates of Occupancy in a timely manner after the Inclusionary Project is substantially complete, as determined by the Township in its sole discretion (“**Substantial Completion**”) and Walnut URE has not obtained the Certificates of Occupancy for the Residential Improvements within sixty (60) days after the Township has provided notice to Walnut URE of the Substantial Completion, that portion of the Residential Improvements that has not secured a Certificate of Occupancy shall be subject to full taxation (ordinary applicable taxes) for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained, unless the delay in issuance of the Certificate of Occupancy is a result of Force Majeure events as set forth in the Redevelopment Agreement between Walnut URE and the Township.

## **ARTICLE VI - ANNUAL REPORTS and AUDITS**

### **Section 6.1 Accounting System**

For so long as Walnut URE owns the Residential Improvements, or any portions thereof, constructed on the Property as a part of the Inclusionary Project, Walnut URE agrees to calculate its “net profit” pursuant to *N.J.S.A. 40A:20-3.c.*, and this Financial Agreement. Walnut URE shall maintain, or cause to be maintained, a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

### **Section 6.2 Periodic Reports**

(a) **Auditor’s Report -** For so long as Walnut URE owns any of the Units constructed as a part of the Inclusionary Project, within ninety (90) days after the close of each fiscal or calendar year, depending on Walnut URE’s accounting basis that this Financial Agreement shall continue in effect, Walnut URE shall submit to the Township Committee, the Township Collector

and the Township Clerk, who shall advise those municipal officials required to be advised, and the Division of Local Government Services in the State of New Jersey Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not limited to: rents received by Walnut URE, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Inclusionary Project, and such details as may relate to the financial affairs of Walnut URE and to its operation and performance hereunder, pursuant to Applicable Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for Walnut URE during the previous year. Walnut URE assumes all costs associated with the preparation of these periodic reports.

(b) **Disclosure Statement** - For so long as Walnut URE owns any part of the Inclusionary Project, Walnut URE shall submit to the Township a Disclosure Statement listing the persons having an ownership interest in the Inclusionary Project and the extent of ownership interest of each, which Disclosure Statement shall be issued immediately upon any change of ownership interest in the Inclusionary Project, unless prior notice to or approval by the Township is otherwise required herein, or upon reasonable request by the Township.

### **Section 6.3 Examination of Records**

Until the earlier of such time as Walnut URE no longer holds an interest in any part of the Inclusionary Project or the expiration of the Term of this Agreement, Walnut URE shall permit the inspection of the premises, equipment, buildings and other facilities of the Inclusionary Project, if deemed appropriate or necessary, by representatives duly authorized by the Township and the State of New Jersey Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such inspection, examination or audit shall be made upon seven (7) days'

notice, during Walnut URE's regular business hours. To the extent reasonably possible, the examination, inspection or audit shall not materially interfere with construction or operation of the Inclusionary Project.

## **ARTICLE VII - LIMITATION OF PROFITS AND RESERVES**

### **Section 7.1 Limitation of Profits and Reserves**

During the period of tax exemption as provided herein, Walnut URE shall be subject to a limitation of its profits pursuant to the provisions of *N.J.S.A.* 40A:20-15. Pursuant to *N.J.S.A.* 40A:20-3.c., this calculation shall be completed in accordance with GAAP and the definitions of the phrases "Net Profit" and "Gross Revenue" set forth in the Definitions of this Financial Agreement.

Walnut URE shall have the right to establish a reserve against vacancies, unpaid rentals and contingencies in an amount up to ten (10%) percent of the Gross Revenue of Walnut URE 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.

### **Section 7.2 Annual Payment of Excess Profit:**

If the Net Profits of Walnut URE, in any fiscal year in which it holds an interest in the Inclusionary Project, shall exceed the Allowable Net Profits for such period, then Walnut URE, within one hundred twenty (120) days after the end of such fiscal year, shall pay such excess Net Profits to the Township as an additional service charge; provided, however, that Walnut URE may maintain the reserve as determined pursuant to aforementioned Section 7.1, hereof. The calculation of Net Profit and Allowable Net Profit shall be made in the manner required pursuant to *N.J.S.A.* 40A:20-3.c., *N.J.S.A.* 40A:20-15 and this Financial Agreement.

### **Section 7.3 Payment of Reserve upon Termination Expiration or Sale:**



Within ninety (90) days after termination of this Agreement, Walnut URE shall pay to the Township the amount of the reserve, if any.

## **ARTICLE VIII - SALE OF INCLUSIONARY PROJECT**

### **Section 8.1 Approval**

As permitted by *N.J.S.A. 40A:20-10.a.*, the Township, upon written notice from Walnut URE, will consider the sale of the Inclusionary Project or any portion thereof and will consent to the transfer of this Financial Agreement provided that: (a) the transfer is in compliance with this Agreement and the LTTEL, (b) the transferee does not own any other project subject to long term tax exemption at the time of transfer; (c) the new successor is formed and eligible to operate as an urban renewal entity under the LTTEL and the Redevelopment Agreement, (d) obligations under this Financial Agreement are fully assumed by the transferee on a going forward basis and (e) the new successor abides by all terms and conditions of this Agreement including, without limitation, the filing of an application pursuant to *N.J.S.A. 40A:20-8*. For the purposes of this Section 8.1, any transfer of more than 50% of the membership interest or corporate share of Walnut URE shall constitute a sale. Any transfer made without the Township's consent shall be a default of this Agreement.

Notwithstanding the above, this Section 8.1 shall not apply to the sale and transfer of Units, or the rental of Units in the ordinary course of business, which are hereby expressly authorized.

## **ARTICLE IX-COMPLIANCE**

### **Section 9.1 Operation:**

During the term of this Financial Agreement, the Inclusionary Project shall be maintained and operated in accordance with the provisions of the Applicable Law.

## ARTICLE X - DEFAULT

### **Section 10.1 Cure Upon Default:**

If any party to this Financial Agreement breaches the terms or conditions contained in this Financial Agreement or in the Redevelopment Agreement, then the aggrieved party shall send a written default notice to the other party (“Default Notice”). The Default Notice shall set forth with particularity the basis of the alleged default. The party in breach shall have thirty (30) days, from receipt of the Default Notice, to cure any default (the “Cure Period”). As set forth in Section 10.2 below, no Default Notice shall be required for failure to pay Land Taxes, Annual Service Charges, or other municipal services charges. Upon the expiration of the Cure Period, or upon the expiration of any extension period, the aggrieved party shall have the right to terminate this Financial Agreement in accordance with Article XI hereof.

### **Section 10.2 Remedies for Default in Payment.**

A Default Notice shall not be required for failure to pay Land Taxes, Annual Service Charges, or other municipal services charges. The Township shall be entitled to all remedies to collect such payments, including the right to sell a tax sale certificate and proceed against a Unit or the Residential Property (excluding Units previously conveyed) pursuant to In Rem Tax Foreclosure in accordance with applicable law and shall further be entitled to terminate this Agreement as set forth in Article XI. T

## ARTICLE XI-TERMINATION

### **Section 11.1 Termination Upon Default**

In the event that the defaulting party fails to cure or remedy a default within the time period provided in Section 10.1, hereof, the aggrieved party may terminate this Financial Agreement as to a defaulting party by written notice of such termination to the party in breach.

### **Section 11.2 Termination and Final Accounting**

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

### **Section 11.3 Taxes after Termination Date:**

After the termination date, the tax exemption for the Inclusionary Project shall expire and the Land and the Improvements shall thereafter be assessed and conventionally taxed according to the Applicable Law regarding other nonexempt taxable property in the Township.

## ARTICLE XII

Intentionally Omitted.

## ARTICLE XIII - WAIVER

### **Section 13.1 Waiver**

Nothing contained in this Financial Agreement or otherwise, or any action or non-action shall constitute a waiver or relinquishment by an aggrieved party of any rights and remedies, including, without limitation, the right to terminate the Financial Agreement subject to the qualifications set forth elsewhere in this Financial Agreement for violation of any of the

obligations provided herein. Nothing herein or any action or non-action shall be deemed to limit any right of recovery of any amount which the aggrieved party has under any Applicable Law, or in equity, or under any provision of this Financial Agreement.

**ARTICLE XIV - NOTICE**

**Section 14.1 Notices:**

Any notice required hereunder to be sent by either Party to the other shall be sent by national overnight delivery service such as Federal Express, certified or registered mail, return receipt requested, facsimile, or email, addressed as follows:

- a) When sent by the Township to Walnut URE:

750 Walnut Avenue Residential Urban Renewal, LLC  
James P. Rhatican, Esq.  
Vice President, Land Use and Development  
Assistant General Counsel  
500 Plaza Drive  
Secaucus, New Jersey 07096

**WITH COPIES TO:**

Henry Kent-Smith, Esq.  
Fox Rothschild LLP  
Princeton Pike Corporate Center  
997 Lenox Drive  
Lawrenceville, NJ 08648-2311  
[Hkent-smith@foxrothschild.com](mailto:Hkent-smith@foxrothschild.com)

- b) When sent by Walnut URE to the Township:

The Township of Cranford  
8 Springfield Avenue  
Cranford, New Jersey 07016  
Attn: Township Administrator

with a copy to:

Stevens & Lee, P.C.  
100 Lenox Drive, Suite 200

Lawrenceville, New Jersey 08648  
Attn: Christopher K. Costa, Esq.

Notice shall be deemed received upon actual receipt evidenced by a delivery receipt or, if delivery is refused, upon first attempted delivery. Either party shall have the right to change the persons and location of notices to be sent to it by notice sent in accordance with this Agreement.

#### **ARTICLE XV - SEVERABILITY**

##### **Section 15.1 Severability:**

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

(b) If any provision of this Financial Agreement shall be judicially declared to be invalid or unenforceable, and provided that a default has not been declared that has continued uncured after notice and expiration of the grace period provided in this Agreement, the Parties and each of them shall cooperate with each other to take the actions reasonably required to restore the Financial Agreement in a manner contemplated by the Parties. This shall include, but not be limited to the authorization and re-execution of this Financial Agreement in a form reasonably drafted to effectuate the original intent of the Parties.

#### **ARTICLE XVI - MISCELLANEOUS**

##### **Section 16.1 Construction**

This Financial Agreement shall be governed, construed and enforced in accordance with the LTTEL and other Applicable Laws of the State of New Jersey and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Financial Agreement to be drawn since counsel for both Walnut URE and the Township, respectively have combined in review and approval of same.

**Section 16.2 Conflicts**

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

**Section 16.3 Oral Representations**

There have been no oral representations made by either of the parties hereto which are not contained in this Financial Agreement. This Financial Agreement, the Ordinance authorizing the execution of the Financial Agreement, and the Application constitute the full agreement between the parties.

**Section 16.4 Modification**

There shall be no modification of this Financial Agreement except by virtue of a written instrument(s) executed by and between both parties and approved by ordinance.

**Section 16.5 Entire Agreement**

This Financial Agreement, the Ordinance, the Application and all Exhibits attached to each of the foregoing are incorporated into this Financial Agreement and made a part hereof and collectively constitute the entire agreement between the Parties with respect to the tax exemption for the Inclusionary Project.

**Section 16.6 Submission of Deeds**

Walnut URE or the Owner shall submit filed copies of all deeds for the Residential Property or a portion of the Residential Property certified to be true copies within (30) days of a closing to the Township's Tax Assessor.

**[SIGNATURE PAGE FOLLOWS]**

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

Witness: **750 Walnut Avenue Residential Urban Renewal LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_  
Managing Member

Witness: **TOWNSHIP OF CRANFORD**

By: \_\_\_\_\_

By: \_\_\_\_\_  
Mayor



**EXHIBIT LIST**

- A. Description of the Property**
- B. Application for Tax Exemption**
- C. Ordinance Approving Tax Exemption**
- D. Certificate of Formation**

# **EXHIBIT A**



ILLUSTRATIVE CONCEPT PERSPECTIVE  
DATE: 06/22/2021

**MINNO WASKO**  
ARCHITECTS AND PLANNERS  
80 JAMBERT LANE, SUITE 105, LAURELVILLE, NEW JERSEY 08850 MINNOWASKO.COM  
180 GATEWAY CENTER, SUITE 1700, NEWARK, NEW JERSEY 07102



**CRANFORD**  
CRANFORD TOWNSHIP, UNION COUNTY, NEW JERSEY  
16-0983-01  
COPYRIGHT © MINNO & WASKO ARCHITECTS AND PLANNERS

750 Walnut

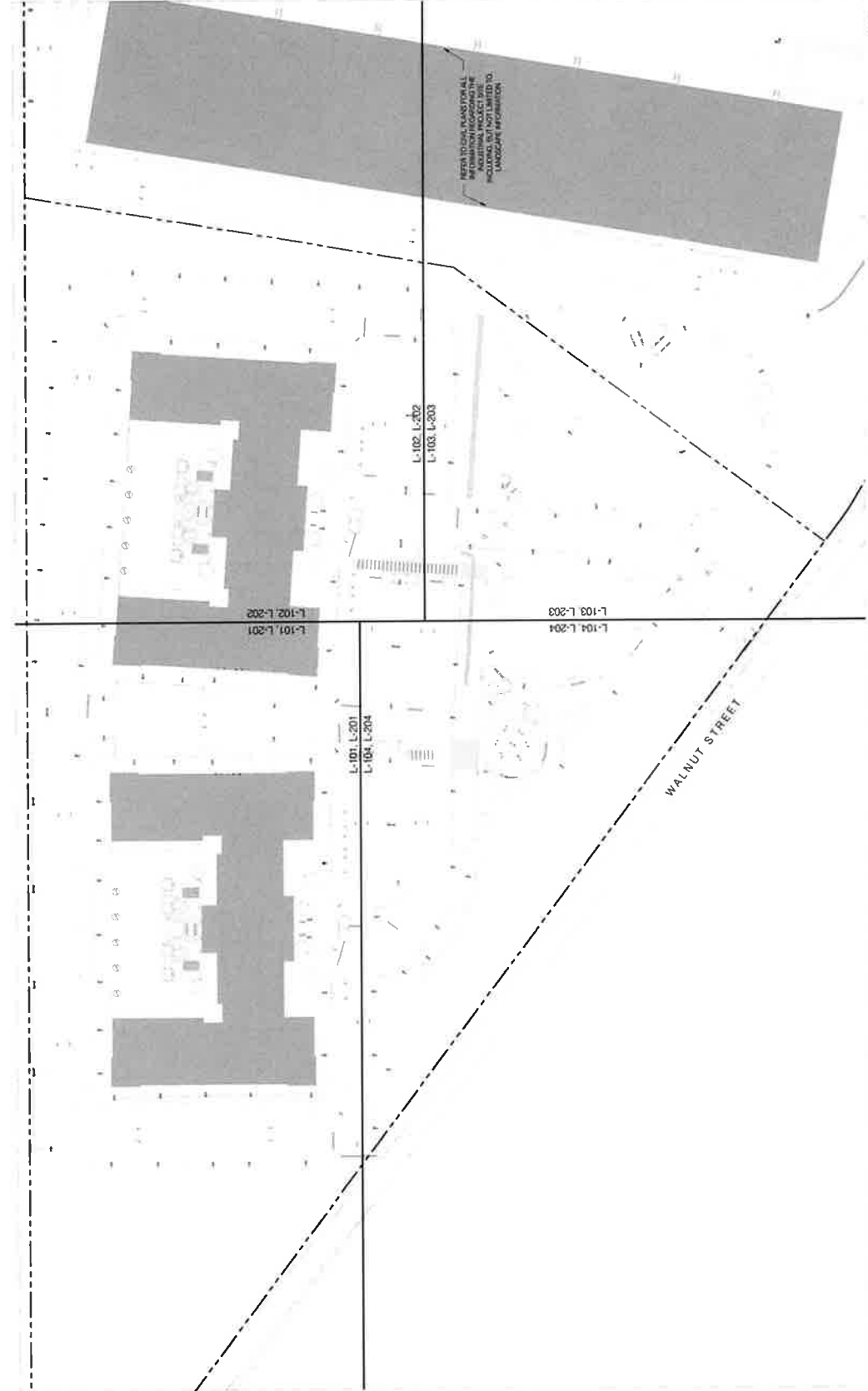
Client  
Hartz Mountain Industries, Inc  
500 Plaza Drive, P.O. Box 1515  
Sarasota, FL 34236-1515  
Phone: (941) 548-5300

Landscaping Architect

**ArAerial**

501 Boardwalk Ave., 2nd Floor  
Sarasota, FL 34236-1515  
COFA #HR00004  
www.aerialstreets.com  
Yours truly,  
regina@arerial.com

NOT FOR CONSTRUCTION



REFER TO THIS PLAN FOR ALL  
DIMENSIONS REGARDING THE  
PROPOSED PROJECT THIS  
PLAN IS FOR INFORMATION  
LANDSCAPE ARCHITECTURE

AR  
New Jersey Certified Landscape Architect  
No. 0125822

Issue No. Date Remarks  
01 01/25/22 Issue for Town Council  
02 04/28/22 Amended Town Council  
Submission

| KEY PLAN    |                    |
|-------------|--------------------|
| Sheet No.   | L-001              |
| Project No. | 151 CAD08          |
| Scale       | 1" = 60'           |
| Date        | 08/20/22           |
| Author      | regina@arerial.com |
| Check       | regina@arerial.com |
| Plot        | 8/20/22            |
| Plotter     | HP DesignJet 5000  |

# **EXHIBIT B**

**TOWNSHIP OF CRANFORD  
APPLICATION FOR TAX EXEMPTION**

**OF**

**750 WALNUT AVENUE RESIDENTIAL URBAN RENEWAL LLC**

In accordance with the requirements of the Long Term Exemption Law, N.J.S.A. 40a:20-1, et seq., (the “Exemption Law”), 750 Walnut Avenue Residential Urban Renewal LLC (the “Applicant” or the “Entity”) respectfully submits to the **Township Committee** of the Township of Cranford (the “Township”) this Application for Long Term Tax Exemption along with those documents attached and annexed hereto.

Applicant’s Name and Address:

750 Walnut Avenue Residential Urban Renewal LLC  
c/o Hartz Mountain Industries, Inc.  
500 Plaza Drive, 6<sup>th</sup> Floor  
Secaucus, New Jersey 07094

**Project Name:**

The Residential element of the 750 Walnut Avenue Redevelopment Project (the “Project”) as contemplated by the “Redevelopment Plan for 750 Walnut Avenue (Block 541, Lot 2) dated pursuant to Ordinance No. 2021-18 (the “Redevelopment Plan”).

**1. Identification of Project Area:**

The Project Area is located at 750 Walnut Avenue in the Township of Cranford, County of Union, State of New Jersey (the “Redevelopment Area”) and consists of one parcel of property containing approximately 15 acres identified on the Township Tax Map as a portion of Tax Block 541, Lot 2 and depicted on Exhibit A hereto. (the “Project Area”).

**2. General Statement of Nature of Redevelopment Project:**

The Project consists of a rental residential project consisting of 250 units in two (2) buildings, and related site improvements and infrastructure. A total of 38 of the 250 rental residential units shall be affordable to low and moderate income households.

The Project conforms to all applicable Township ordinances and the Project accords with the Township Master Plan and the Redevelopment Plan. It is estimated that the Project will produce approximately 250 construction jobs and approximately 6 permanent jobs.

**3. Description of the Project:**

The following documents depicting and describing the Project Area and the proposed improvements in the Project are attached hereto and made a part hereof as **Exhibit A**: Site Plan, Floor Plans, and Elevations.

**4. Term of Exemption:**

The Applicant requests that the term of the long-term tax exemption be for a period of thirty (30) years from Annual Service Charge State Date, as such term is defined in the Financial Agreement.

**5. Financial Agreement:**

The proposed Financial Agreement between the Township and the Applicant (therein referred to as the Entity) is attached and annexed hereto as **Exhibit B**.

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

Pursuant to the Exemption Law, N.J.S.A 40A:20-3(h), the statement prepared by an architect or engineer licensed in the State of New Jersey setting forth the estimated Total Project Cost for the Project is set forth in the Schedule attached and annexed hereto as **Exhibit C**. The construction schedule is attached hereto as **Exhibit E**.

**7. Financial/Fiscal Plan:**

A proposed Financial/Fiscal Plan for the Project, as required by N.J.S.A 40a:20-8(e), outlining the schedule of annual gross revenue, the estimated expenditure for operation and maintenance of the Project, payments for interest, amortization of debt and reserves, and a schedule of projected payments to be made to the Township pursuant to the Financial Agreement, are annexed hereto and made a part hereof as **Exhibit D** and **Exhibit F**, respectively.

**8. Sources, Method and Amount of Financing for Project:**

Pursuant to N.J.S.A 40a:20-8(b), the Applicant will finance the development and construction of the Project through a mixture of loans and equity.

The estimated amount of financing for the Project to be obtained by the Applicant through each method of financing set forth above and the security, collateral and/or any mortgage or guaranty to be granted or pledged in connection therewith is set forth in the proposed Financial/Fiscal Plan attached hereto as **Exhibit D**.

**9. Applicant's Relationship to Project Area:**

The Applicant is an affiliate of the owner of the Project Area.



**10. Minimum Annual Service Charges and Annual Service Charges:**

Commencing upon the Annual Service Charge Start Date, as such term is defined in the Financial Agreement attached hereto, the Applicant shall pay to the Township the Annual Service Charge equal to 11.5 % of annual gross revenue for the Project's rental residential units (market rate and affordable), subject to statutory staged increases; and

Annexed hereto as **Exhibit F** is a projection of the Annual Gross Revenue and the Annual Service Charge for the Project.

**11. Disclosure Statement:**

The Applicant is an urban renewal limited liability company formed and operated pursuant to the laws of the State of New Jersey. Its status as an urban renewal entity has been duly qualified by the Commissioner of the State of New Jersey Department of Community Affairs. Attached and annexed hereto as **Exhibit G** is a true copy of the Disclosure Statement for the Applicant.

**12. Certification as to Commencement of Construction:**

The Applicant hereby certifies that it has not and will not commence construction of the Project prior to adoption by the Township Committee of a Resolution approving this Application and an appropriate Ordinance approving and making effective this Long Term Tax Exemption and Financial Agreement and authorizing the Mayor or other appropriate official to execute the Financial Agreement.

**13. Certificate of Formation:**

Attached and annexed hereto as **Exhibit H** is a true copy of the filed Certificate of Formation of 750 Walnut Avenue Residential Urban Renewal LLC, reviewed and approved by the Commissioner of the State of New Jersey Department of Community Affairs.

**14. Exhibits:**

- Exhibit A: Description of Project
- Exhibit B: Financial Agreement
- Exhibit C: Total Project Cost
- Exhibit D: Financial/Fiscal Plan
- Exhibit E: Construction Schedule
- Exhibit F: Projected Annual Gross Revenue and Annual Service Charge
- Exhibit G: Disclosure Statement/Application to New Jersey DCA
- Exhibit H: Certificate of Formation

I hereby certify to the best of my knowledge and belief, that all of the information contained in this application is true and correct.

**750 Walnut Avenue Residential Urban Renewal LLC**

By: \_\_\_\_\_  
James P. Rhatican  
Vice President Land Use and Development  
Assistant General Counsel

**Exhibit A**  
Description of Project



ILLUSTRATIVE CONCEPT PERSPECTIVE  
DATE: 06/22/2021

**MINNO WASKO**  
ARCHITECTS AND PLANNERS  
80 JAMBERT LANE, SUITE 105, LAURELVILLE, NEW JERSEY 08850 MINNOWASKO.COM  
180 GATEWAY CENTER, SUITE 1700, NEWARK, NEW JERSEY 07102



**CRANFORD**  
CRANFORD TOWNSHIP, UNION COUNTY, NEW JERSEY  
16-0983-01  
COPYRIGHT © MINNO & WASKO ARCHITECTS AND PLANNERS

750 Walnut

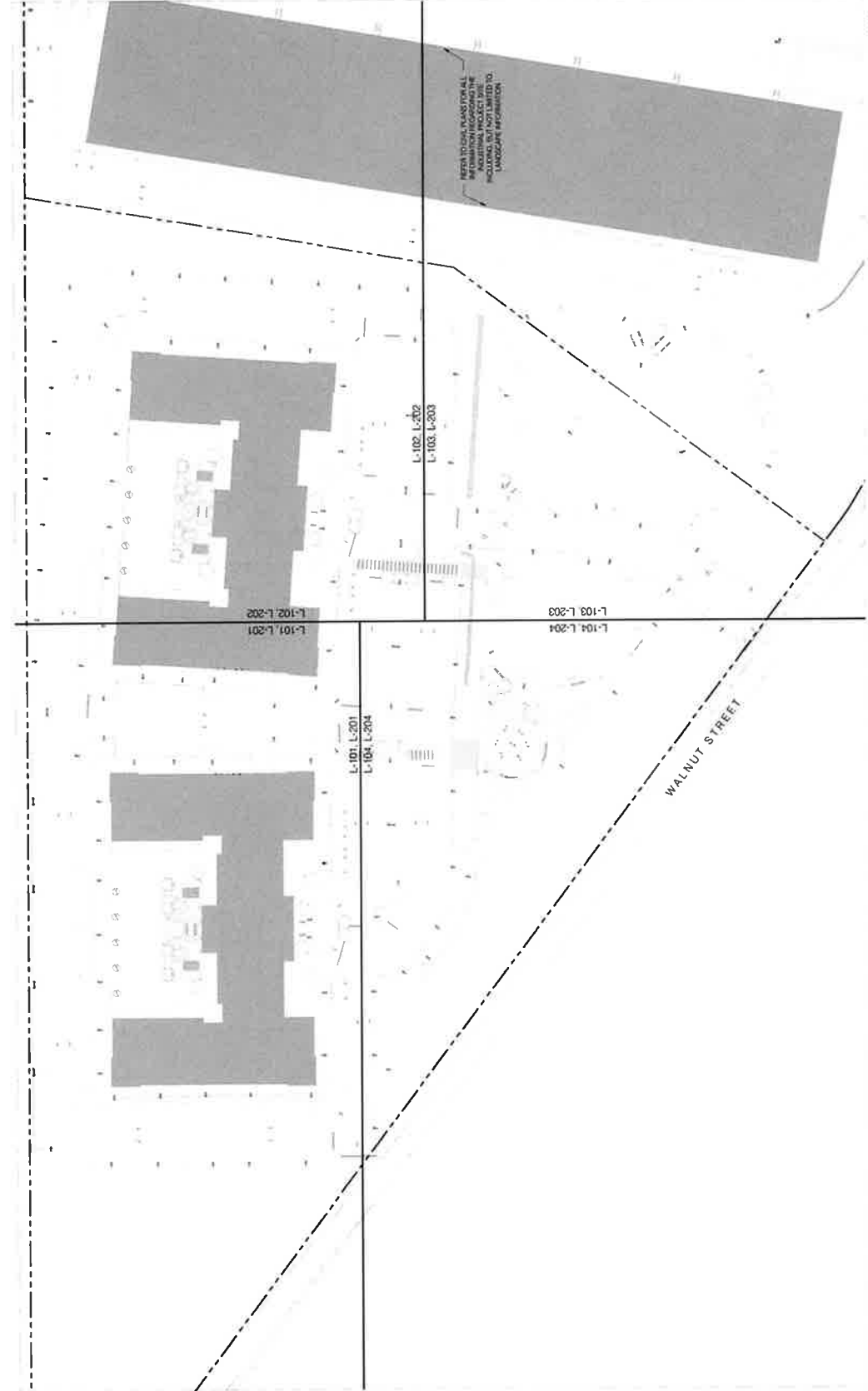
Client  
Hartz Mountain Industries, Inc  
500 Plaza Drive, P.O. Box 1515  
Sarasota, FL 34236-1515  
Phone: (941) 548-5300

Landscaping Architect

**ArAerial**

507 Boardwalk Ave., 2nd Floor  
Sarasota, FL 34236-1515  
COFA #HR00004  
www.aerialstreets.com  
Yours truly,  
regina@arerial.com

NOT FOR CONSTRUCTION



REFER TO THIS PLAN FOR ALL  
DIMENSIONS REGARDING THE  
PROPOSED PROJECT THIS  
PLAN IS FOR INFORMATION  
LANDSCAPE ARCHITECTURE

AR  
New Jersey Certified Landscape Architect  
No. 0125822

Issue No. Date Remarks  
01 01/25/22 Issue for Town Council  
02 04/28/22 Amended Town Council  
SUBMITTED

| KEY PLAN    |                                |
|-------------|--------------------------------|
| Sheet No.   | L-001                          |
| Project No. | 151 CAD08                      |
| Client      | Hartz Mountain Industries, Inc |
| Site        | 750 Walnut                     |
| Scale       | 1" = 60'                       |
| Author      | regina@arerial.com             |
| Date        | 08/20/22                       |

**Exhibit B**  
Financial Agreement

To follow

**Exhibit C**  
Total Project Cost

**BUDGET ESTIMATE  
FOR  
750 WALNUT AVENUE  
CRANFORD, NJ**

**250 UNITS - 4 STORY RESIDENTIAL - 2 BUILDINGS  
312,000 SF**

**DATE: SEPTEMBER 30, 2022**

|  |                 | <b>PROJECTED COST</b> |
|--|-----------------|-----------------------|
| <b>ARCHITECTURAL, MEP AND STRUCTURAL</b>   |                 | \$ 1,500,000.00       |
| <b>SITE ENGINEERING - SOIL, TRAFFIC, PERMIT</b>  |                 |                       |
| COAH / Permits   | \$ 800,000.00   |                       |
| Site Engineering / Traffic   | \$ 127,000.00   |                       |
| Borings and Soil Reports   | \$ 100,000.00   |                       |
| Legal  | \$ 750,000.00   |                       |
| Inspections  | \$ 100,000.00   |                       |
| General Requirements   | \$ 155,000.00   |                       |
|  |                 | \$ 2,032,000.00       |
| <b>DEMOLITION</b>  |                 | \$ 700,000.00         |
| <b>SITE WORK</b>   |                 |                       |
| Soil Erosion   | \$ 32,500.00    |                       |
| Survey   | \$ 32,500.00    |                       |
| Clearing   | \$ 130,000.00   |                       |
| Grading / Earthwork  | \$ 130,000.00   |                       |
| Export   | \$ 650,000.00   |                       |
| Building Pad   | \$ 130,000.00   |                       |
| Drainage   | \$ 1,129,000.00 |                       |
| Sanitary Sewer   | \$ 84,500.00    |                       |
| Electric   | \$ 200,000.00   |                       |
| Telephone  | \$ 100,000.00   |                       |
| Water Service  | \$ 342,000.00   |                       |
| Fire Loop w/Hydrants   | \$ 455,000.00   |                       |
| Pavement   | \$ 948,000.00   |                       |
| Striping   | \$ 25,000.00    |                       |
| Signage  | \$ 15,000.00    |                       |
| Site Lights  | \$ 887,000.00   |                       |
| Curb   | \$ 260,000.00   |                       |
| Sidewalk   | \$ 198,000.00   |                       |
| Patio  | \$ 240,000.00   |                       |
| Park   | \$ 553,000.00   |                       |
| Landscape  | \$ 930,000.00   |                       |
| Irrigation   | \$ 130,000.00   |                       |
|  |                 | \$ 7,399,500.00       |
| <b>BUILDING CONSTRUCTION WORK</b>  |                 |                       |
| Site Work  | \$ 1,413,424.00 |                       |
| CIP and Underlayment   | \$ 1,850,675.00 |                       |
| Masonry  | \$ 2,059,368.00 |                       |
| Structural Steel, Misc Metals, Railings, Stairs  | \$ 1,008,769.00 |                       |
| Carpentry  | \$ 9,025,246.00 |                       |
| Insulation   | \$ 550,000.00   |                       |
| Building Wrap  | \$ 415,873.00   |                       |
| ACM, Siding  | \$ 1,206,000.00 |                       |
| Roofing  | \$ 1,276,770.00 |                       |
| Firestopping Sealants  | \$ 198,100.00   |                       |
| Storefront, Windows, Mirror  | \$ 2,583,447.00 |                       |
| Gypsum Board   | \$ 2,800,000.00 |                       |
| Finishes   | \$ 3,103,532.00 |                       |
| Accessories (Signs, Mailbox, Etc.)   | \$ 584,773.00   |                       |
| Appliances   | \$ 875,125.00   |                       |
| Window Treatments  | \$ 116,270.00   |                       |
| Cabinets and Countertops   | \$ 2,147,776.00 |                       |
| Elevators  | \$ 1,075,000.00 |                       |
| Trash Chutes   | \$ 84,000.00    |                       |
| Fire Sprinkler   | \$ 1,022,000.00 |                       |
| Plumbing   | \$ 4,017,000.00 |                       |
| HVAC   | \$ 5,180,000.00 |                       |
| Electric   | \$ 4,505,250.00 |                       |
| Final Cleaning   | \$ 125,000.00   |                       |
| Winter Conditions  | \$ 250,000.00   |                       |
|  |                 | \$ 47,471,398.00      |
| <b>GENERAL CONDITIONS</b>  |                 | \$ 3,962,566.00       |
| <b>FEES</b>  |                 | \$ 2,139,786.00       |
| <b>INSURANCE</b>   |                 | \$ 415,689.00         |
| <b>CONTINGENCY ( 7% ) (DEMO, SITE, BUILDING CONSTRUCTION, GC, FEES, INSURANCE, FF&amp;E)</b> |                 | \$ 4,374,225.73       |
| <b>FF &amp; E</b>  |                 | \$ 400,000.00         |
| <b>COST PER SQ. FT.:</b>   | \$ 225.63       |                       |
| <b>COST PER UNIT:</b>  | \$ 281,580.65   |                       |
| <b>TOTAL PROJECTED COST:</b>   |                 | \$ 70,395,164.73      |

Cesar Padilla/ru  
Building Construction  
cranford-750walnutavenue-residential-4story-09-30-22



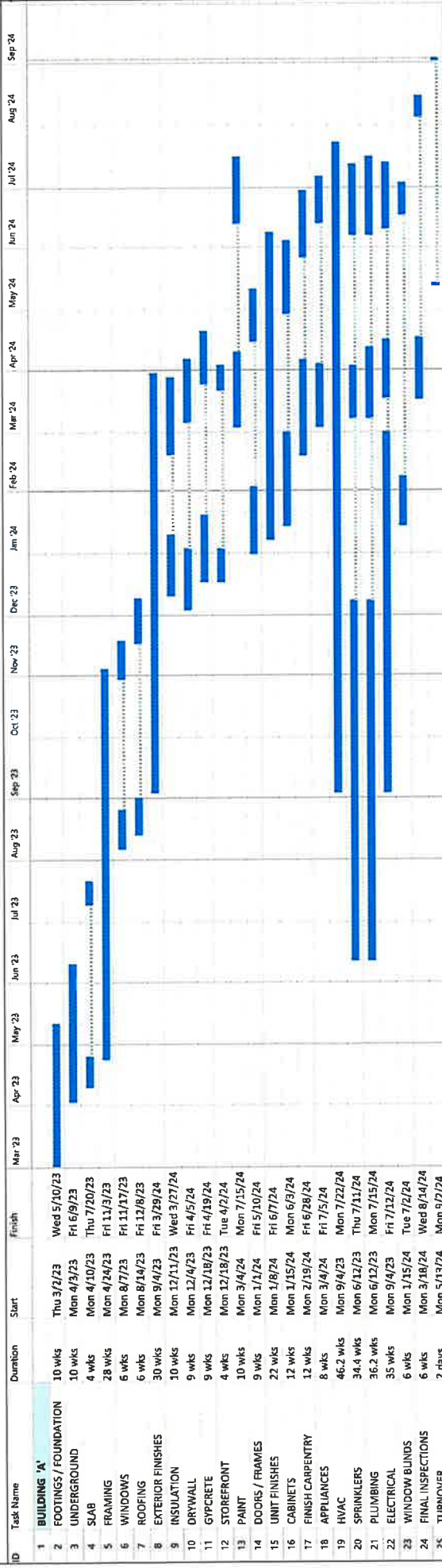
**Exhibit D**  
Financial/Fiscal Plan

The project will be funded by a mix of developer equity and institutional financing. During the construction period, it is anticipated that the sources of capital will be entirely cash equity of the developer. Permanent financing will be arranged at the completion of the project and will consist of a mixture of developer equity and commercial loan financing at the then market rates and conditions.

**Exhibit E**  
Construction Schedule

750 WALNUT AVENUE  
CRANFORD, NJ

RESIDENTIAL PROJECT - BUILDING 'A'



Project: cranford-residential-bldgA-10-19-22  
Date: October 19, 2022

CP/ru - Building Construction

Task Split Milestone

Summary Project Summary Inactive Task

Inactive Milestone Inactive Summary Manual Task

Duration-only Manual Summary Rollup Manual Summary

Start-only Finish-only External Tasks

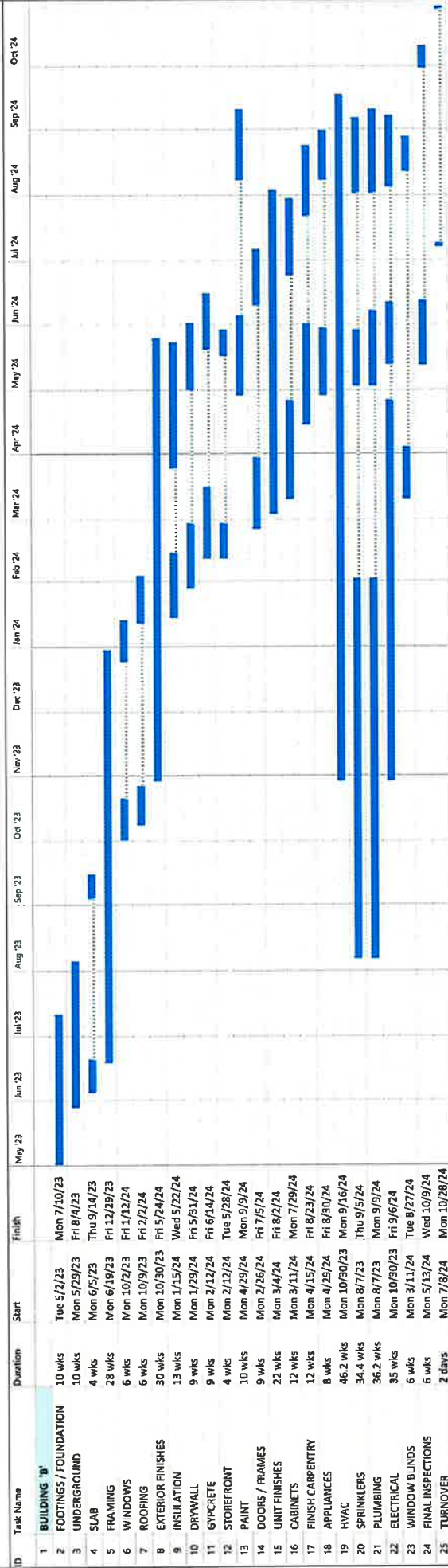
External Milestone External Milestone Progress

Manual Progress

750 WALNUT AVENUE  
CRANFORD, NJ

RESIDENTIAL PROJECT - BUILDING 'B'

Note: Building 'B' starts (2) months after Building 'A'.



Project: cranford-residential-bldg-B-10-19-22  
Date: October 19, 2022

CP/ru - Building Construction

Task Milestones

Summary Project Summary Inactive Task

Inactive Milestone Inactive Summary Manual Task

Duration-only Manual Summary Rollup Manual Summary

Start-only Finish-only External Tasks

External Milestone Deadline Progress

Manual Progress

**Exhibit F**

Projected Annual Gross Revenue and Annual Service Charge

### Cranford Residential Projection

| <b>Year</b> | <b>Annual Gross Revenues</b> | <b>% of AGR</b> | <b>PILOT Payments</b> |
|-------------|------------------------------|-----------------|-----------------------|
| 1           | 8,096,961                    | 11.5%           | 931,151               |
| 2           | 8,299,385                    | 11.5%           | 954,429               |
| 3           | 8,506,870                    | 11.5%           | 978,290               |
| 4           | 8,719,541                    | 11.5%           | 1,002,747             |
| 5           | 8,937,530                    | 11.5%           | 1,027,816             |
| 6           | 9,160,968                    | 11.5%           | 1,053,511             |
| 7           | 9,389,992                    | 11.5%           | 1,079,849             |
| 8           | 9,624,742                    | 11.5%           | 1,106,845             |
| 9           | 9,865,361                    | 11.5%           | 1,134,516             |
| 10          | 10,111,995                   | 11.5%           | 1,162,879             |
| 11          | 10,364,795                   | 12.5%           | 1,295,599             |
| 12          | 10,623,914                   | 12.5%           | 1,327,989             |
| 13          | 10,889,512                   | 12.5%           | 1,361,189             |
| 14          | 11,161,750                   | 12.5%           | 1,395,219             |
| 15          | 11,440,794                   | 12.5%           | 1,430,099             |
| 16          | 11,726,814                   | 12.5%           | 1,465,852             |
| 17          | 12,019,984                   | 12.5%           | 1,502,498             |
| 18          | 12,320,484                   | 12.5%           | 1,540,060             |
| 19          | 12,628,496                   | 12.5%           | 1,578,562             |
| 20          | 12,944,208                   | 12.5%           | 1,618,026             |
| 21          | 13,267,813                   | 13.5%           | 1,791,155             |
| 22          | 13,599,509                   | 13.5%           | 1,835,934             |
| 23          | 13,939,496                   | 13.5%           | 1,881,832             |
| 24          | 14,287,984                   | 13.5%           | 1,928,878             |
| 25          | 14,645,183                   | 13.5%           | 1,977,100             |
| 26          | 15,011,313                   | 13.5%           | 2,026,527             |
| 27          | 15,386,596                   | 13.5%           | 2,077,190             |
| 28          | 15,771,261                   | 13.5%           | 2,129,120             |
| 29          | 16,165,542                   | 13.5%           | 2,182,348             |
| 30          | 16,569,681                   | 13.5%           | 2,236,907             |

45,014,120

NOTE: Annual Gross Revenues include Base Rents and Other Miscellaneous Revenue Items. Also included are Revenue Reductions including 6% Vacancy Factor.

**Exhibit G**  
Disclosure Statement

## **OWNERSHIP DISCLOSURE**

### **750 Walnut Avenue Residential Urban Renewal LLC**

**100% owned by Hartz Mountain Industries, Inc.**

#### **Hartz Mountain Industries, Inc.**

Hartz Mountain Industries – NJ, LLC

#### **Hartz Mountain Industries- NJ, LLC**

The Hartz Group, Inc.

#### **The Hartz Group, Inc.**

Edward J. Stern

Edward J. Stern 2010 Irrevocable Trust

Edward J. Stern 2014 Irrevocable Trust

The Leonard N. Stern Trust



**Exhibit H**  
Certificate of Formation

FILED  
APR -1 2022  
STATE TREASURER  
0600426771

**CERTIFICATE OF FORMATION**

**750 WALNUT AVENUE RESIDENTIAL URBAN RENEWAL LLC**

**THE UNDERSIGNED**, of the age of eighteen years or over, for the purpose of forming a limited liability company pursuant to the provisions of Title 42:2C, the New Jersey Limited Liability Act, of the New Jersey Statutes (hereinafter referred to as the "Limited Liability Act"), and the New Jersey Long Term Tax Exemption Law, Title 40A:20, Municipalities and Counties, of the New Jersey Statutes (hereinafter referred to as the "Act"), does hereby execute the following Certificate of Formation:

**FIRST:** The name of the limited liability company is **750 WALNUT AVENUE RESIDENTIAL URBAN RENEWAL LLC** (the "Company").

**SECOND:** The address of the Company's registered office in the State of New Jersey is c/o Horowitz, Rubino & Patton, 500 Plaza Drive, P. O. Box 3308, Secaucus, New Jersey 07096. The name of its registered agent at such address is Phillip R. Patton, Esq.

**THIRD:** Purpose: Operation as an Urban Renewal Company.

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

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

(c) The Company has been organized to serve a public purpose, that its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced or to be displaced by redevelopment or the conduct of low and moderate income housing projects; (2) the acquisition, management and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L. 1991, c. 431 (C. 40A:20-1 et seq.); and (3) that it shall be subject to regulation by the municipality in which its project is situated, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as it remains the owner of a project subject to P.L. 1991, c. 431 (C. 40A:20-1 et seq.).

(d) The Company shall not voluntarily transfer more than 10% of the ownership of the project, or any portion thereof undertaken by it under P.L. 1991, c. 431 (C. 40A:20-1 et seq.), until it has first removed both itself and the project from all restrictions of P.L. 1991, c. 431 (C. 40A:20-1 et seq.) in the manner required by P.L. 1991, c. 431 (C. 40A:20-1 et seq.) and, if the project includes housing units, has obtained the consent of the Commissioner of Community Affairs to such transfer; with the exception of transfer to another urban renewal entity; as approved by the municipality in which the project is situated, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the municipality. The Company shall file annually with the municipal governing body a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the urban renewal entity itself provided that the transfer, if greater than 10 percent, is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the municipality in advance of the annual disclosure statement referred to above.

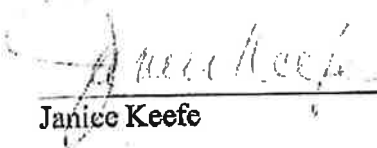
(e) The Company is subject to the provisions of Section 18 of P.L. 1991, c. 431 (C. 40A:20-18) respecting the powers of the municipality to alleviate financial difficulties of the urban renewal entity or to perform actions on behalf of the entity upon a determination of financial emergency.

(f) Any housing units (if any) constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commission of Community Affairs.

**FOURTH:** The Company shall have perpetual existence.

**FIFTH:** This Certificate shall become effective upon its filing.

**IN WITNESS WHEREOF,** the undersigned duly authorized person, has executed this Certificate of Formation this 16<sup>th</sup> day of February 2022.

  
\_\_\_\_\_  
Janice Keefe



**State of New Jersey**  
**DEPARTMENT OF COMMUNITY AFFAIRS**  
**LOCAL PLANNING SERVICES**  
**101 SOUTH BROAD STREET**  
**PO Box 813**  
**TRENTON, NJ 08625-0813**  
**(609) 292-3000 • FAX (609) 633-6056**

**PHILIP D. MURPHY**  
*Governor*

**LT. GOVERNOR SHEILA Y. OLIVER**  
*Commissioner*

**DEPARTMENT OF COMMUNITY AFFAIRS**

**TO: State Treasurer**  
**RE: 750 WALNUT AVENUE RESIDENTIAL URBAN RENEWAL LLC**  
File # 3322  
An Urban Renewal Entity

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

Done this 30<sup>th</sup> day of March 2022 at Trenton, New Jersey.

**DEPARTMENT OF COMMUNITY AFFAIRS**

By:   
Sean Thompson, Director  
Local Planning Services



STATE OF NEW JERSEY  
DEPARTMENT OF TREASURY  
FILING CERTIFICATION (CERTIFIED COPY)  
0600476771

750 WALNUT AVENUE RESIDENTIAL URBAN RENEWAL LLC

*I, the Treasurer of the State of New Jersey,  
do hereby certify, that the above named business  
did file and record in this department the below  
listed document(s) and that the foregoing is a  
true copy of the  
Certificate of Formation  
Filed in this office  
April 1, 2022  
as the same is taken from and compared with the  
original(s) filed in this office on the date set  
forth on each instrument and now remaining on file  
and of record in my office.*



Certificate Number: 143822354

Verify this certificate online at

<https://www.njportal.com/DOR/businessrecords/Validate.aspx>

*IN TESTIMONY WHEREOF, I have  
hereunto set my hand and affixed  
my Official Seal at Trenton, this  
4th day of April, 2022*

Elizabeth Maher Muoio  
State Treasurer

# **EXHIBIT C**

**THE TOWNSHIP OF CRANFORD  
COUNTY OF UNION, NEW JERSEY**

**ORDINANCE NO. 2022-27**

**AN ORDINANCE ESTABLISHING A FINANCIAL AGREEMENT FOR THE BENEFIT  
OF THE REDEVELOPMENT OF APPROXIMATELY 15 ACRES LOCATED AT 750  
WALNUT AVENUE, BLOCK 541, LOT 2**

**WHEREAS**, 750 Walnut Avenue Residential Urban Renewal LLC, (the “Entity”), an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law, *N.J.S.A.* 40A:20-1 et seq., is the redeveloper of a portion of the area known as Block 541, Lot 2 (the “Project Area”) which is an area designated by the Township of Cranford (the “Township”) as an area in need of redevelopment; and

**WHEREAS**, the Redevelopment Agreement allows for the subdivision of the Project Area into two Subdistricts: Subdistrict 1 (the “Residential Property”) permitting the development of an inclusionary development of 250 total residential units, of which thirty eight (38) affordable housing units would be set aside for very low, low, and moderate income households (the “Inclusionary Project”) and Subdistrict 2 (the “Commercial Property”) permitting the development of up to 250,000 ft. of nonresidential uses (the “Commercial Project”) and collectively the Inclusionary Project and the Commercial Project are referred to as the “Project Area”; and

**WHEREAS**, the Entity submitted to the Township Committee an application (the “Application”), which is on file with the Township Clerk, for a Long-Term Tax Exemption to make payments to the Township in lieu of taxes in connection with the Inclusionary Project on the Residential Property; and

**WHEREAS**, the Entity also submitted to the Township a form of Financial Agreement (the “Financial Agreement”), a copy of which was attached as Exhibit B to the Application, establishing the rights, responsibilities and obligations of the Entity; and

**WHEREAS**, the Township Committee has determined that the Project represents an undertaking permitted by the Act.

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF CRANFORD, NEW JERSEY AS FOLLOWS:**

**Section 1.** The Application for Long-Term Tax Exemption and Financial Agreement are hereby approved.

**Section 2.** The Mayor is hereby authorized to execute the Financial Agreement substantially in the form attached as Exhibit B to the Application, subject to minor modification or revision, as deemed necessary and appropriate after consultation with counsel.

**Section 3.** The Clerk of the Township is hereby authorized and directed, upon



execution of the Financial Agreement by the Mayor, to attest to the signature of the Mayor and to affix the corporate seal of the Township upon such document.

**Section 4.** This ordinance shall take effect in accordance with applicable law.

Adopted:

# **EXHIBIT D**

FILED  
APR -1 2022  
STATE TREASURER  
0600426771

**CERTIFICATE OF FORMATION**

**750 WALNUT AVENUE RESIDENTIAL URBAN RENEWAL LLC**

**THE UNDERSIGNED**, of the age of eighteen years or over, for the purpose of forming a limited liability company pursuant to the provisions of Title 42:2C, the New Jersey Limited Liability Act, of the New Jersey Statutes (hereinafter referred to as the "Limited Liability Act"), and the New Jersey Long Term Tax Exemption Law, Title 40A:20, Municipalities and Counties, of the New Jersey Statutes (hereinafter referred to as the "Act"), does hereby execute the following Certificate of Formation:

**FIRST:** The name of the limited liability company is **750 WALNUT AVENUE RESIDENTIAL URBAN RENEWAL LLC** (the "Company").

**SECOND:** The address of the Company's registered office in the State of New Jersey is c/o Horowitz, Rubino & Patton, 500 Plaza Drive, P. O. Box 3308, Secaucus, New Jersey 07096. The name of its registered agent at such address is Phillip R. Patton, Esq.

**THIRD:** Purpose: Operation as an Urban Renewal Company.

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

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

(c) The Company has been organized to serve a public purpose, that its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced or to be displaced by redevelopment or the conduct of low and moderate income housing projects; (2) the acquisition, management and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L. 1991, c. 431 (C. 40A:20-1 et seq.); and (3) that it shall be subject to regulation by the municipality in which its project is situated, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as it remains the owner of a project subject to P.L. 1991, c. 431 (C. 40A:20-1 et seq.).

(d) The Company shall not voluntarily transfer more than 10% of the ownership of the project, or any portion thereof undertaken by it under P.L. 1991, c. 431 (C. 40A:20-1 et seq.), until it has first removed both itself and the project from all restrictions of P.L. 1991, c. 431 (C. 40A:20-1 et seq.) in the manner required by P.L. 1991, c. 431 (C. 40A:20-1 et seq.) and, if the project includes housing units, has obtained the consent of the Commissioner of Community Affairs to such transfer; with the exception of transfer to another urban renewal entity; as approved by the municipality in which the project is situated, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the municipality. The Company shall file annually with the municipal governing body a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the urban renewal entity itself provided that the transfer, if greater than 10 percent, is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the municipality in advance of the annual disclosure statement referred to above.

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

(f) Any housing units (if any) constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commission of Community Affairs.

**FOURTH:** The Company shall have perpetual existence.

**FIFTH:** This Certificate shall become effective upon its filing.

**IN WITNESS WHEREOF,** the undersigned duly authorized person, has executed this Certificate of Formation this 16<sup>th</sup> day of February 2022.

  
\_\_\_\_\_  
Janice Keefe



**State of New Jersey**  
**DEPARTMENT OF COMMUNITY AFFAIRS**  
**LOCAL PLANNING SERVICES**  
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Elizabeth Maher Muoio  
State Treasurer