

Record and Return to:  
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**FINANCIAL AGREEMENT**

**BY AND BETWEEN  
THE BOROUGH OF DUNELLEN,  
as the Borough**

**and**

**150 North Urban Renewal LLC  
as the Entity**

**Long Term Tax Exemption Law  
N.J.S.A. 40A:20-1 et seq.**

**Re: 150 North Ave**

{40988636:2}

## PREAMBLE

**THIS FINANCIAL AGREEMENT** (the “Agreement” or “Financial Agreement”), made this 9<sup>th</sup> day of MARCH, 2022 (the “Effective Date”), by and between the **BOROUGH OF DUNELLEN**, a municipal corporation of the State of New Jersey with offices at the 355 North Avenue, Dunellen, New Jersey 08812, acting in the capacity of a redevelopment entity, and its respective successors and assigns (the “Borough”), and **150 NORTH URBAN RENEWAL LLC**, a New Jersey urban renewal entity and limited liability company, and its permitted successors and assigns, with offices at c/o Villani Builders, 376 North Avenue, Suite A, Dunellen, New Jersey 08812 (the “Entity”; each a “Party” and, together with the Borough, the “Parties”).”

## RECITALS

### WITNESSETH:

**WHEREAS**, the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended from time to time (the “Redevelopment Law”) authorizes municipalities to determine whether certain parcels of land in the municipality constitute “areas in need of redevelopment,” as defined in the Redevelopment Law; and

**WHEREAS**, the municipal council of the Borough (“Borough Council”) directed the Borough planning board (“Planning Board”) to investigate whether certain properties within the Borough’s downtown area (the “Study Area”) constituted an “area in need of redevelopment” as defined in the Redevelopment Law; and

**WHEREAS**, the Borough Council on May 5, 2003, upon the Planning Board’s recommendation, designating the Study Area as an area in need of redevelopment in accordance with the Redevelopment Law (“Redevelopment Area”); and

**WHEREAS**, the Borough Council on August 9, 2004, adopted an ordinance approving and adopting a redevelopment plan for the Redevelopment Area titled “Dunellen Downtown Redevelopment Plan Phase I,” which was thereafter amended, most recently on October 2, 2018, pursuant to Ordinance #2018-09 (as amended, the “Redevelopment Plan”) in accordance with the Redevelopment Law; and

**WHEREAS**, Redeveloper is the fee simple owner of certain real property within the Redevelopment Area known and identified on the official tax maps of the Borough as Block 1, Lot 14 (collectively, the “Property”); and

**WHEREAS**, on May 17, 2021, the Borough Council adopted a resolution authorizing the execution and delivery of a redevelopment agreement (the “Redevelopment Agreement”), which sets forth the respective obligations for each Party with respect to the redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan; and

**WHEREAS**, the Parties have executed the Redevelopment Agreement; and

**WHEREAS**, the Redevelopment Agreement provides for, inter alia, a mixed-use project at the Property consisting of approximately 1,578 square feet of ground floor commercial space and fourteen (14) residential rental units, two (2) of which will be affordable units (collectively, the “Project”), which Project is consistent with the Redevelopment Plan; and

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**WHEREAS**, the cost of the Project is expected to be approximately Three Million Three Hundred Ten Thousand Dollars (\$3,310,000.00); and

**WHEREAS**, despite the Entity's current and future substantial investment of "at-risk" equity and traditional borrowed funds for acquisition, development and construction of the Project, such amounts of equity and traditional borrowed funds are insufficient to pay for all of the costs associated with the acquisition, development and construction of the Project; and

**WHEREAS**, Borough is agreeable to granting a long term tax exemption to the Entity for the Project in accordance with N.J.S.A. 40A:20-1, et seq. ("Exemption Law"); and

**WHEREAS**, the provisions of the Exemption Law, and such other statutes as may be sources of relevant authority, if any, authorize the Borough to accept, in lieu of real property taxes, an annual service charge paid by the Entity to Borough as set forth in such laws; and

**WHEREAS**, on or about January 18, 2022, the Entity filed an Application for a Financial Agreement with the Borough, a copy of which is attached hereto as **Exhibit B** (the "Application"), seeking approval of this Financial Agreement providing for exemption from municipal taxation for the Project as aforesaid, for a period set forth in Section 3.1(b) hereof, and for payment, in lieu of taxes, of an annual service charge; and

**WHEREAS**, on February 22, 2022, the Borough Council adopted an ordinance entitled "AN ORDINANCE TO APPROVE A LONG-TERM TAX EXEMPTION AND FINANCIAL AGREEMENT BETWEEN THE BOROUGH OF DUNELLEN AND 150 NORTH URBAN RENEWAL LLC" approving the Application, this Financial Agreement and the Project, a copy of which ordinance is attached hereto as **Exhibit C** (the "Ordinance"); and

**WHEREAS**, the Borough has made the following findings:

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

1. The development and construction of the Project, as set forth in the Redevelopment Agreement and Redevelopment Plan will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Redevelopment Area; will facilitate the productive reuse of land currently in a blighted, stagnant, unproductive and fallow condition; will enhance the economic development of the Borough by alleviating existing blight conditions of the Redevelopment Area; and will further Redevelopment Plan objectives and contribute to the economic growth of the Borough in general and specifically the Redevelopment Area.

2. That the Project will result in the creation of approximately 6 construction jobs.

3. That the aforesaid benefits of the Project exceed the cost, if any, associated with granting the tax exemption provided by this Agreement.

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

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

1. The relative stability and predictability of the Annual Service Charge associated with the Project will make it more attractive to the Entity to pursue the Project. Without a long-term tax exemption for the Project, it will not be financially viable.

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

3. The assistance provided by this Financial Agreement is a necessary and important inducement to the undertaking of the Project; and

**WHEREAS**, in order to set forth the terms and conditions under which the Parties shall carry out their respective obligations with respect to the payment of the Annual Service Charge by the Entity, the Parties have determined to execute this Financial Agreement.

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

**ARTICLE 1  
GENERAL PROVISIONS**

**1.1 Governing Law**

The provisions of the laws of the State, the Exemption Law, the Redevelopment Law, and the Ordinance approving this Agreement shall govern this Agreement. It is expressly understood and agreed that the Borough expressly relies upon the facts, data, and presentations contained in the Application, including Exhibits, all of which are incorporated herein by reference, in granting this tax exemption.

**1.2 General Definitions**

Unless specifically provided otherwise, when used in this Agreement, the following terms, when capitalized, shall have the meanings set forth below:

Administrative Expenses – Any costs for the administration of this Agreement, including but not limited to the PILOT Administrative Fee.

Affiliate – With respect to any person or entity, any other person or entity directly or indirectly Controlling or Controlled by, or under direct common Control with, such person or entity.

Agency - Shall have the meaning set forth in the recitals of this Agreement.

Agreement or Financial Agreement - Shall have the meaning set forth in the recitals of this Agreement.

Allowable Net Profit - The amount arrived at by applying the Allowable Profit Rate to the Total Project Cost, as those terms are hereinafter defined.

Allowable Profit Rate - The greater of twelve percent (12%) or the percentage per annum arrived at by adding 1 1/4% 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, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1 1/4% per annum to the interest rate per annum which the Borough determines to be the prevailing rate on mortgage financing on comparable improvements in Middlesex County, all in accordance with N.J.S.A. 40A:20-3(b).

Annual Service Charge - The greater of (i) the amount computed in accordance with Section 4.2(b) and (ii) the Minimum Annual Service Charge.

Annual Service Charge Payment Dates – Annually, each February 1, May 1, August 1, and November 1 after the Annual Service Charge Start Date.

Annual Service Charge Start Date –The first day of the month immediately following the month in which the first Certificate of Occupancy is eligible to be issued for the Project.

Applicable Law – All federal, State and local laws, ordinances, approvals, rules, regulations, resolutions and requirements applicable hereto including, but not limited to, the Redevelopment Law, the Exemption Law, as applicable, relevant construction codes including construction codes governing access for people with disabilities, and such zoning, sanitary and safety ordinances, laws and such rules and regulations thereunder.

Application - Shall have the meaning set forth in the recitals of this Agreement.

Auditor's Report - A complete, certified, audited financial statement outlining the financial status of the Entity as it relates to the Project and reporting the Annual Gross Revenue, Net Profit and Total Project Cost as defined herein, 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 financial items required to determine that the Entity is complying with the Exemption Law and this Agreement and which has been certified as to its conformance with the current standards of the Financial Accounting Standards Board by a certified public accountant, who is licensed to practice that profession in the State.

Borough – Shall have the meaning set forth in the preamble of this Agreement.

Borough Council - Shall have the meaning set forth in the recitals of this Agreement.

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

Control – As used with respect to any person or entity, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and operation of such person or entity, whether through the ownership of voting securities or by contract or other written agreement.

County – Middlesex County, New Jersey.

County Share – The first five percent (5%) of the Annual Service Charge, which shall be payable by the Borough to the County in accordance with the provisions of N.J.S.A. 40A:20-12.

Cure Period – Shall be as defined in Section 9.3.

DCA - The New Jersey State Department of Community Affairs, to which the Entity shall report in accordance with the Exemption Law.

Default – Shall be as defined in Section 9.1.

Effective Date - Shall have the meaning set forth in the preamble of this Agreement

Entity – 150 North Urban Renewal LLC, which is the owner of the Project, and all subsequent purchasers or successors in interest of the Project, provided they are organized pursuant to the Exemption Law and the transfer of the Project to said subsequent purchasers or successors has been approved, in writing, by the Borough, and/or otherwise in accordance with the terms of this Financial Agreement, the Redevelopment Agreement and the Exemption Law.

Estimate of Total Project Cost or Estimate of Total Project Unit Cost - The Entity's good faith estimate of the total cost of constructing the Project through the date of issuance of the last Certificate of Occupancy issued for the Project, as more specifically defined in N.J.S.A. 40A:20-3(h), consisting of, and limited to, the categories of costs set forth in **Exhibit D** annexed, subject to those exclusions from Total Project Cost set forth in **Exhibit D**, if any, which calculations and exclusions have been approved by the Borough and the Entity.

Exemption Law - Shall have the meaning set forth in the recitals of this Agreement.

Existing Tax Amount - Shall be as defined in Section 4.3(a).

GAAP - Shall be as defined in Section 5.1.

Gross Revenue or Annual Gross Revenue - Annual gross revenue of the Entity as defined in the Exemption Law, as set forth in the financial plan submitted by the Entity in its Application, attached hereto as **Exhibit D**, and calculated in accordance with N.J.S.A. 40A:20-3(a).

Improvements - The structural components of the Project described in the recitals hereof and as further described in and permitted by the Redevelopment Agreement, as amended.

In Rem Tax Foreclosure - A summary proceeding by which the Borough may enforce the lien for taxes due and owing by a tax sale, under the Tax Sale Law.

Interest Holders - Shall be as defined in Section 5.2(c).

Land - The Property at which the Improvements are to be located as more fully described herein at **Exhibit A** and in the Redevelopment Agreement.

Land Taxes - The amount of conventional real estate taxes assessed on the Land constituting the Property during the term of this Agreement. As described in Section 4.1 herein, if the Land is not exempt from taxation, the Land Tax Payments shall be applied as a credit against the amount of the Annual Service Charge in accordance with the Exemption Law.

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

Local Finance Board – The Local Finance Board in the Division of Local Government Services, Department of Community Affairs.

Minimum Annual Service Charge – Shall be the amount of the total taxes levied against the Property in the last full tax year in which the Property was subject to taxation.

Net Profit - The Gross Revenue of the Entity less all operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles and the provisions of N.J.S.A. 40A:20-3(c). Included in expenses shall be an amount sufficient to amortize the Total Project Cost over the life of the Project, which period the Parties agree is thirty (30) years, pursuant to the Exemption Law.

Ordinance - Shall have the meaning set forth in the recitals of this Agreement.

Parties or Party - Shall have the meaning set forth in the preamble of this Agreement.

PILOT Administrative Fee – An annual payment in the amount of two percent (2%) of the Annual Service Charge to be paid on February 1 of each year.

Project - Shall have the meaning set forth in the recitals of this Agreement.

Property - Shall have the meaning set forth in the recitals of this Agreement.

Redevelopment Agreement - Shall have the meaning set forth in the recitals of this Agreement.

Redevelopment Area - Shall have the meaning set forth in the recitals of this Agreement.

Redevelopment Law - Shall have the meaning set forth in the recitals of this Agreement.

Redevelopment Plan - Shall have the meaning set forth in the recitals of this Agreement.

State – The State of New Jersey.

Substantial Completion - The completion of the Project, to such degree that it is considered to be ready for its intended use, which presumptively shall mean the date on which the last Certificate of Occupancy is issued for the Project.

Tax Sale Law - N.J.S.A. 54:5-1 et seq.

Termination - Any act or omission which by operation of the terms of this Agreement shall cause the Entity to relinquish its long-term tax exemption in accordance with N.J.S.A. 40A:20-9(g). Upon termination or expiration, all affected property shall be assessed and subject to taxation as are other taxable properties in the Borough. After termination or expiration, restrictions and limits on the Entity shall terminate upon the Entity's rendering a final accounting to and with the Borough pursuant to N.J.S.A. 40A:20-12.

Total Project Cost – Shall be as defined in the Exemption Law.

Unit – An individual dwelling unit.

### **1.3 Interpretation and Construction**

In this Agreement, unless the context otherwise requires:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of delivery of this Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public or governmental bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless otherwise indicated, all approvals, consents and acceptances required to be given or made by any person or Party hereunder shall not be unreasonably withheld, conditioned, or delayed.

(f) All notices to be given hereunder and responses thereto shall be given, unless a certain number of days is specified, within a reasonable time, which shall not be less than ten (10) days nor more than twenty (20) days, unless the context dictates otherwise.

(g) All exhibits referred to in this Agreement and attached hereto are incorporated herein and made part hereof.

#### **1.4 Reliance by Borough**

(a) It is expressly understood and agreed that the Borough has relied upon the facts and representations contained in the Application in granting the tax exemption described in this Agreement.

#### **1.5 Exhibits and Schedules Incorporated**

All Exhibits referred to in this Agreement and are attached hereto are incorporated herein and made a part hereof.

## **ARTICLE 2 APPROVAL OF AGREEMENT, USE, OPERATION, MANAGEMENT AND FINANCIAL PLAN OF PROJECT**

### **2.1 Approval of Agreement**

The Borough hereby grants its approval of this Agreement for the Project that is to be constructed and maintained in accordance with the terms and conditions set forth herein and the provisions of the Exemption Law. The Project shall be constructed on the Property.

### **2.2 Approval of the Entity**

The Borough hereby grants its approval to the Entity for the Project, which Entity shall in all respects comply and conform to all applicable statutes of the State and lawful regulations made pursuant thereto, governing land, buildings and the use thereof. It is expressly acknowledged by the Borough that the ownership structure of the Entity may change at a later date by transfer of such ownership interest pursuant to the Exemption Law to a related entity or Affiliate, such transfer to be subject to prior review and approval by the Borough of the transferee's formation documents, and subject to such transferee's written acknowledgment and acceptance of this Financial Agreement pursuant to Section 7.1 herein.

### **2.3 Use, Operation and Management of Project**

The Entity covenants and represents pursuant to N.J.S.A. 40A:20-9 that it shall (i) cause the Project to be constructed, (ii) directly or indirectly, convey and/or lease out the individual residential units of the Project, and (iii) make all payments required under this Agreement,

including but not limited to all Administrative Expenses. The Improvements shall be those authorized by the Redevelopment Agreement, implemented in accordance with all required permits and approvals.

### **ARTICLE 3 DURATION OF AGREEMENT**

#### **3.1 Term**

(a) This Agreement shall become effective on the Effective Date.

(b) The Parties understand and agree that this Agreement, including the obligation to pay the Annual Service Charge required under Article 4 and the tax exemption granted and referred to in Section 4.1, shall remain in effect until the earlier of (A) 35 years from the date of execution hereof or (B) 30 years from the Annual Service Charge Start Date. At the expiration of the term hereof or upon Termination, the tax exemption for the Project shall expire and the Project shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Borough. After expiration of the term hereof, all restrictions and limitations upon the Entity shall terminate upon the Entity's rendering and the Borough's acceptance of its final accounting, pursuant to N.J.S.A. 40A:20-12. Upon any Termination of the tax exemption described in Section 4.1, the date of such Termination shall be deemed to be the last day of the fiscal year of the Entity in which the Termination has occurred.

### **ARTICLE 4 EXEMPTION AND ANNUAL SERVICE CHARGE**

#### **4.1 Tax Exemption**

(a) Pursuant to the Ordinance, the Project to be constructed and maintained by the Entity in the Redevelopment Area shall be exempt from taxation as provided for herein and in the Exemption Law. In accordance with N.J.S.A. 40A:20-12, the tax exemption shall constitute a single continuing exemption from local property taxation for the duration of this Agreement. The tax exemption granted pursuant to the Ordinance and this Agreement relates only to the Project constructed on the Property.

(b) With regard to the Land, it is the intent of the parties that the Land be exempt from taxation pursuant to the terms of this Agreement but only if so permitted by N.J.S.A. 40A:20-12. If the Land is permitted to be exempt pursuant to N.J.S.A. 40A:20-12, the Entity is only required to pay the Annual Service Charge. For purposes of clarity, exemption from Land Taxes, to the extent permitted by Applicable Law, shall commence on the applicable Annual Service Charge Start Date.

(c) If the Land is not exempt or is not permitted to be exempt pursuant to N.J.S.A. 40A:20-12, 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 in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year, in the amount described below. The Entity and the Borough agree that the Land Tax Payment will never be less than the Land Taxes that were assessed on the Land in the last full year the Property was subject to Land Taxes. If the Land is not exempt or is not permitted to be exempt, the Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four (4) preceding quarterly installments against (and up to, but not to exceed) the municipal portion of

the Annual Service Charge, with the Entity expressly waiving its rights to any additional credit for Land Tax Payments made. In any year that the Entity fails to make any Land Tax Payments, if and when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credits against the municipal and/or school portions, as applicable, of the Annual Service Charge for that year. In addition, the Borough shall have, among this remedy and other remedies, the right to proceed against the Property pursuant to the Tax Sale Law and/or declare a Default and terminate this Agreement.

#### 4.2 Annual Service Charge

(a) The Entity and the Borough hereby consent and agree to the amount of the Annual Service Charge, the Entity hereby consents and agrees to the liens established in this Agreement, and the Entity shall not contest the validity or amount of any such lien; provided, however, that the foregoing shall not be construed to bar the Entity from raising the defense that (A) (i) the Annual Service Charge then due and owing has been paid in full or (ii) that the Annual Service Charge is not yet due and owing, or (B) the Annual Service Charge is incorrectly calculated based on the formulas set forth in this Agreement. Notwithstanding anything herein to the contrary, the Entity'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, including without limitation any loss of status of the Entity as an "urban renewal entity" qualified under and as defined in the Exemption Law, or any violation by the Borough of any provisions of this Agreement, termination of the Redevelopment Agreement or failure of the Entity to complete the Project.

(b) In consideration of the exemption from taxation for the Improvements, the Entity shall pay the Annual Service Charge to the Borough on the Annual Service Charge Payment Dates in the amounts set forth below:

(i) For each of the first ten (10) years from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to eleven percent (11%) of Gross Revenue;

(ii) For each of the years eleven (11) through fifteen (15) from the Annual Service Charge Start Date, the Annual Service Charge shall be an amount equal to twelve percent (12%) of annual Gross Revenue;

(iii) For each of years sixteen (16) through twenty (20) from the Annual Service Charge Start Date, the Annual Service Charge shall be an amount equal to the greater of twelve (12%) percent of annual Gross Revenue or twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and the Improvements;

(iv) For each of years twenty-one (21) through twenty-four (24) from the Annual Service Charge Start Date, the Annual Service Charge shall be an amount equal to the greater of thirteen percent (13%) of annual Gross Revenue or forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and the Improvements; and

(v) For each of the years twenty-five (25) through twenty-seven (27) from the Annual Service Charge Start Date, the Annual Service Charge shall be an amount equal to the greater of thirteen percent (13%) of annual Gross Revenue or sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and the Improvements; and

(vi) For year twenty-eight (28) through thirty (30) from the Annual Service Charge Start Date, the Annual Service Charge shall be an amount equal to the greater of thirteen percent (13%) of annual Gross Revenue or eighty percent (80%) of the amount of taxes otherwise due on the value of the Land and the Improvements.

#### **4.3 Annual Service Charge as Municipal Lien**

The Borough and the Entity hereby expressly acknowledge, understand and agree that upon the recordation of the Ordinance and this Agreement (A) the Ordinance, this Agreement and any amount due hereunder, including without limitation, the Annual Service Charge, shall be a continuous, municipal lien on the Redevelopment Area and the Project, and that any subsequent Annual Service Charge, including any interest, penalties or costs of collection thereof, that shall thereafter become due or accrue, shall be added and relate back to and be part of the initial municipal lien on the Redevelopment Area and the Project, (B) the Ordinance, this Agreement and any amounts due hereunder, including without limitation, the Annual Service Charge, shall constitute an automatic, enforceable and perfected statutory municipal lien for all purposes on the Redevelopment Area and the Project, including specifically and without limitation, the federal bankruptcy code, regardless of whether the amount of the Annual Service Charge has been determined, and (C) any applicable process, procedure or action of any court, government body or other relevant authority, including without limitation any confirmation hearing, to determine the amount of the Annual Service Charge due shall not affect the commencement or validity of the municipal lien.

### **ARTICLE 5 ANNUAL REPORTS**

#### **5.1 Accounting System**

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with Generally Accepted Accounting Principles (“GAAP”) or in accordance with cash basis accounting principles and as otherwise prescribed by Applicable Law.

#### **5.2 Periodic Reports**

(a) Total Project Cost Audit: Within ninety (90) days after the Substantial Completion of the Project, the Entity shall submit to the Borough an audit of Total Project Costs, certified as to actual construction costs and site remediation and clean-up of hazardous substances, if any, by an independent and qualified architect, utilizing the form attached hereto as **Exhibit E**. Other extraordinary costs, as contemplated by **Exhibit D**, shall be certified in conformance with GAAP, by a certified public accountant licensed to practice that profession in the State of New Jersey.

(b) Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis during the period that this Agreement shall continue in effect, the Entity shall submit to the Borough, and the New Jersey Division of Local Government Services within the DCA, its Auditor's Report for the preceding fiscal or calendar year in accordance with N.J.S.A. 40A:20-9(d). The Auditor's Report shall include, but not be limited to, 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 Exemption Law and this Agreement.

(c) Disclosure Statement: Within thirty (30) days of each anniversary date of the Effective Date, the Entity shall submit to the Borough a Disclosure Statement listing all persons and other entities having an ownership interest in the Entity ("Interest Holders"), and the extent of the ownership interest held by each.

(d) Termination of Obligations: The Entity's obligations under this Section 5.2 shall terminate at the end of the tax exemption period set forth in Section 3.1, or upon earlier termination, if any, of this Agreement. Upon termination or expiration, all affected property shall be assessed and subject to taxation as are other taxable properties in the Borough. After termination or expiration, restrictions and limits on the Entity shall terminate, upon the Entity's rendering a final accounting to and with the Borough pursuant to N.J.S.A. 40A:20-12.

### **5.3 Inspection**

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Entity and shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers by duly authorized representatives of the Borough and the State. Such examination or audit shall be made upon seven (7) days' notice during regular business hours, in the presence of an officer or agent designated by the Entity. To the extent reasonably possible, the examination, inspection or audit will not materially interfere with the construction or operation of the Project.

## **ARTICLE 6 LIMITATION OF PROFITS AND RESERVES**

### **6.1 Limitation of Profits and Reserves**

(a) During the period of this Agreement as provided herein, the Entity shall be subject to a limitation of its profits and, in the case of a corporation, the dividends payable by it, pursuant to the provisions of N.J.S.A. 40A:20-15. The calculation of the Entity's excess Net Profit pursuant to the Exemption Law shall include those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded in this Financial Agreement, as provided for in the Exemption Law.

(b) The Entity shall have the right to establish a reserve against unpaid rentals, reasonable contingencies and/or vacancies in an amount not exceeding ten percent (10%) of the Gross Revenue of the Entity for the calendar year preceding the year in which a determination is being made with respect to Allowable Net Profit as provided in N.J.S.A. 40A:20-15, said reserve to be noncumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of ten percent (10%) of the preceding year's Gross Revenue as aforesaid.

## **6.2 Annual Payment of Excess Net Profit**

(a) In the event the Net Profit of the Entity, in any calendar year, having been calculated cumulatively, shall exceed the Allowable Net Profit for the term of this Agreement to date, then in accordance with N.J.S.A. 40A:20-15, the Entity, within one hundred twenty (120) days after the end of such fiscal year, shall pay such excess Net Profit to the Borough as an additional Annual Service Charge. Gross Revenue and Net Profit for the purposes hereof shall be determined pursuant to N.J.S.A. 40A:20-3(a) and (c) in the following manner. For each year during the term of this Agreement, the Entity's Gross Revenue shall be the total amount of annual gross rents the Entity actually collects during each such year and Net Profit shall be (i) the Gross Revenue of the Entity less (ii) all operating and non-operating expenses of the Entity determined in accordance with generally accepted accounting principles, including without limitation those items required by N.J.S.A. 40A:20-3(c).

(b) The Parties agree that any excess Net Profit will be retained by the Borough as additional Annual Service Charge.

## **6.3 Payment of Reserve/Excess Net Profit Upon Termination, Expiration or Sale**

The date of the termination of this Agreement, expiration of this Agreement or the sale of the Project to a non-urban renewal entity shall be considered to be the close of the final fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the Borough the amount of the reserves, if any, maintained by it pursuant to this Section 6.3 and the excess Net Profit, if any. Upon termination or expiration, all affected property shall be assessed and subject to taxation as are other taxable properties in the Borough. After termination or expiration, restrictions and limits on the Entity shall terminate upon the Entity's rendering a final accounting to and with the Entity pursuant to N.J.S.A. 40A:20-12.

## **ARTICLE 7 ASSIGNMENT AND/OR ASSUMPTION**

### **7.1 Approval**

(a) Except with the Borough's written consent, as set forth in Section 7.1(b) of this Agreement, the Entity may not sell, convey, grant, bargain, assign, or otherwise transfer its fee title interest in the Project, or any part thereof, or any direct or indirect interest in the Entity, or permit the Project, or any part thereof, to be sold, conveyed, granted, bargained, assigned, or otherwise transferred, except for the transfer of ownership interest in the Entity to a related entity or Affiliate, to which transfers the Borough hereby consents, as set forth in Section 2.2 herein, subject to the conditions set forth therein, and provided that no Default of Entity, or Event of Default by Entity under the Redevelopment Agreement, exists and that no state of facts exists that, if uncured, would give rise to a Default by Entity, or Event of Default by Entity under the Redevelopment Agreement. In the event of such a conveyance and assignment, the Borough and the Entity shall enter into an Assignment and Assumption Agreement, in form and substance acceptable to the Borough in its sole discretion, and all other necessary and appropriate documents to effect same, as applicable.

(b) It is understood and agreed that the Borough, on written application by the Entity, shall not unreasonably withhold its written consent to a sale of the Project, and the transfer of the Financial Agreement as authorized by the Exemption Law, or any interest therein, and the assignment of all of the Entity's right, title and interest in and to this Agreement, to an entity eligible

to operate under the Exemption Law, owning no other "project," as this term is defined in the Exemption Law, provided the Entity is not in Default regarding any performance required of it hereunder, full compliance with the Exemption Law has occurred and the Entity's obligations under its Agreement with the Borough are fully assumed by the transferee.

(c) If the Entity transfers the Project to a transferee pursuant to Section 7.1(b), then upon such transfer the Entity shall pay an administrative fee to the Borough equal to two percent (2%) of the corresponding year's Annual Service Charge for the processing of such request for the continuation of the long term tax exemption to the benefit of the transferee and any of its transferees. This administrative fee shall not be required in connection with a transfer pursuant to Section 7.1(a). Within ninety (90) Days after the date of any such transfer, the Entity shall pay to the Borough any fees due to the Borough pursuant to this Financial Agreement, as well as any excess Net Profit payable to the Borough pursuant to this Financial Agreement and the Exemption Law.

(d) It is expressly understood and agreed that the Entity has the right, subordinate to the lien of the Annual Service Charge and to the rights of the Borough, to encumber the fee title to the Property, or any portion thereof, owned in fee simple by the Entity, and that any such encumbrance or assignment shall not be deemed to be a violation of this Agreement. This section shall not prohibit the encumbrance of mortgage liens on the Property, it being expressly understood that a mortgage lien takes subject to the lien of the Annual Service Charge.

(e) In the event that the Project or any portion thereof is devoted to a condominium form of ownership, the Borough will consent to a sale of the Project to purchasers of units in the condominium, and to their successors, assigns, all owning (in the case of housing) no other condominium unit of the Project at the time of the transfer, and that, upon assumption by the condominium unit purchaser of the transferor's obligations under the Financial Agreement, the tax exemption of the Project buildings, Improvements and Land (to the extent authorized pursuant to N.J.S.A. 40A:20-12) shall continue and inure to the unit purchaser, his respective successors or assigns. Moreover, the conveyance of a condominium unit to a bona fide unit purchaser shall not require consent or approval of the Borough, and the grantee shall acquire title to the unit subject to the requirement for payment of the annual service charge and other provisions of this Financial Agreement expressly applicable to condominium unit purchasers, subject to the Borough's right to adopt a resolution with respect to residential condominium units requiring either the lapse of the tax exemption or an increase in the annual service charge by a specified percentage over that which is otherwise applicable for any period during which the unit owner does not personally reside in the condominium unit and such unit is occupied by someone other than the owner, all in accordance with N.J.S.A. 40A:20-14c.

(f) Notwithstanding anything contained in this section to the contrary, the foregoing provisions shall not restrict or prohibit the lease by the Entity of any portion of the Project to any residential or commercial tenant, with such tenant not being required to be an entity eligible to operate under the Exemption Law.

## ARTICLE 8 COMPLIANCE

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

## ARTICLE 9 DEFAULT

### 9.1 Default Defined

Default shall mean the failure of the Entity or Borough to conform to the terms of this Agreement beyond the Cure Period set forth in Section 9.2 below.

### 9.2 Cure Upon Default

Should the Entity be in Default of any obligation under this Agreement, the Borough shall notify the Entity and any mortgagee of the Entity in writing of said Default. Said notice shall set forth with particularity the basis of said Default. Except as otherwise limited by law, the Entity shall have sixty (60) days to cure any Default ("Cure Period"), other than a Default in payment of any installment of the Annual Service Charge. In the event of any uncured Default, the Borough shall have the right to proceed against the Property pursuant to applicable provisions of the law, including N.J.S.A. 40A:12A-58 and -68, but subject to the aforementioned limitations on acceleration, including as set forth in Sections 4.7(c) and 9.4(a) hereof. No Default hereunder by the Entity shall terminate the tax exemption described herein and its obligation to make Annual Service Charge payments, which shall continue in effect for the respective durations set forth in Section 3.1 hereof, subject to Article 10 hereof. Upon any Default in payment of any installment of the Annual Service Charge, the Borough shall have the right to proceed to In Rem Tax Foreclosure consistent with the provisions and procedures of the Tax Sale Law.

### 9.3 Remedies Upon Default

(a) In the event of a breach of this Agreement by any of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, then the parties shall submit the dispute to the American Arbitration Association in the State to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of said laws. Costs for said arbitration shall be paid by the non-prevailing party. In the event of a Default on the part of the Entity to pay any installment of the Annual Service Charge required by Article 4 above, the Borough, in addition to their other remedies, reserve the right to proceed against the Entity's land and premises, in the manner provided by Applicable Law, including the Tax Sale Law, and any act supplementary or amendatory thereof; provided, however, that in no event shall there be any acceleration of any future Annual Service Charge. The Borough shall pursue the collection of delinquent payments of Annual Service Charge with the same diligence it employs in the collection of the Borough's general *ad valorem* real estate taxes, including the commencement of an In Rem Tax Foreclosure. Whenever the word "Taxes" appears, or is applied, directly or implied, to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as it is pertinent to this Agreement, as if the Annual Service Charge were taxes or municipal liens on land. In either case, however, the Entity does not waive any defense it may have to contest the rights of the Borough to proceed in the above-mentioned manner, subject to the aforementioned proscription on acceleration in this Section and in Section 4.7(c) hereof.

(b) All of the remedies provided in this Agreement to the Borough, and all rights and remedies granted to them by law and equity shall be cumulative and concurrent and no determination of the invalidity of any provision of this Agreement shall deprive the Borough of any of their remedies or actions against the Entity because of Entity's failure to pay Land Taxes, the Annual Service Charges and/or any applicable water and sewer charges and interest payments.

This right shall only apply to arrearages that are due and owing, at the time, and the bringing of any action for Land Taxes (but only if the Land is not permitted to be exempt pursuant to the Exemption Law), Annual Service Charges or other charges, or for breach of covenant or the resort of any other remedy herein provided for the recovery of Land Taxes, Annual Service Charge or other charges shall not be construed as a waiver of the right to proceed with an In Rem Tax Foreclosure action consistent with the terms and provisions of this Agreement.

## **ARTICLE 10 TERMINATION**

### **10.1 Voluntary Termination by the Entity**

The Entity may, after the expiration of one (1) year from the Substantial Completion of the Project, notify the Borough in writing that, as of a date certain designated in such Notice, it relinquishes its status as an Urban Renewal Entity. As of such date, continuation of this tax exemption the Annual Service Charge hereunder, and the profit and dividend restriction shall terminate, and Section 10.2 shall control. A final accounting pursuant to N.J.S.A. 40A:20-12 shall be a requirement of termination.

### **10.2 Conventional Taxes**

Upon the termination or expiration of this Agreement and thereafter, the Property shall be assessed and conventionally taxed according to the general law applicable to other taxable property within the Borough, and the Entity is bound by this Agreement and by Applicable Law until expiration or Termination shall occur.

## **ARTICLE 11 NOTICE**

### **11.1 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 or by recognized overnight courier, with proof of delivery.

### **11.2 Sent by the Borough**

Unless prior to giving of notice, the Entity shall have notified the Borough in writing otherwise, when sent by the Borough to the Entity, the notice shall be addressed to:

150 North Urban Renewal LLC  
c/o Villani Builders  
376 North Avenue, Suite A  
Dunellen, New Jersey 08812

with copy to:

Joseph Paparo, Esq.  
Porzio Bromberg & Newman  
100 Southgate Parkway, PO Box 1997  
Morristown, NJ 07962

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

### **11.3 Sent by Entity**

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

Borough of Dunellen  
355 North Avenue  
Dunellen, New Jersey 08812  
Attn: Borough Clerk

with copies to:

John E. Bruder, Esq.  
2 West Union Ave  
Bound Brook, NJ 08805

Charles B. Liebling, Esq.  
Windels Marx Lane & Mittendorf, LLP  
120 Albany Street Plaza, Sixth Floor  
New Brunswick, New Jersey 08901

The notice to the Borough shall fully identify the Project to which it relates, including the full name of the Urban Renewal Entity and the Property's Block and Lot numbers.

## **ARTICLE 12 MISCELLANEOUS**

### **12.1 Covenant to Make Payments**

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

## **12.2 Severability**

If any term, covenant or condition of this Agreement or the Application 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 Applicable Law.

## **12.3 Indemnification**

If the Borough becomes named as a party defendant in any action brought against the Entity by reason of any breach, default, or violation of any provision of this Financial Agreement and/or the Exemption Law, but not including any taxpayer actions brought against the Borough or the Entity, the Entity shall defend, indemnify and hold the Borough harmless to the extent that the Entity is found to be liable in the action, except for any negligence or misconduct by the Borough or any of its officers, officials, employees, consultants or agents, and the Entity agrees to defend the suit and indemnify the Borough as set forth herein at its own expense.

## **12.4 Construction**

This Agreement shall be construed and enforced in accordance with the laws of the State, except for those provisions governing choice of law, 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 Borough have combined in their review and approval of same.

## **12.5 Oral Representations**

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

## **12.6 Annual Service Charge Paid to County**

Pursuant to N.J.S.A. 40A:20-12, the County Share shall be paid to the County.

## **12.7 Recording**

Either this entire Agreement, or a memorandum of this Agreement in form and substance approved in writing by the Borough, will be recorded with the County Clerk by the Entity, at no cost to the Borough.

## **12.8 Notice to County.**

In accordance with P.L.2015, c.247, within the later of ten (10) days following adoption of the ordinance approving this Agreement or the execution of this Agreement by the Entity, the Borough Clerk shall submit a certified copy thereof to the chief financial officer of the County and the County Counsel.

## **12.9 Financing Matters**

The information required by the final paragraph of N.J.S.A. 40A:20-9 is set forth in the Application.

### **ARTICLE 13 EXHIBITS AND SCHEDULES**

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

**Exhibit A** - Property Description

**Exhibit B** - Executed Financial Agreement Application with all Exhibits

**Exhibit C** - Ordinance of the Borough Authorizing Execution of this Financial Agreement

**Exhibit D** – Financial Plan including Entity's Estimate of Total Project Cost

**Exhibit E** - Form of Certification of Final Construction Cost

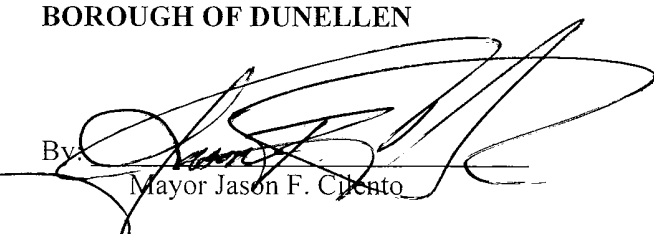
IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written

ATTEST:

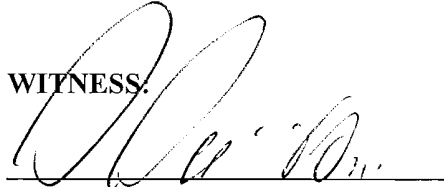
**BOROUGH OF DUNELLEN**



By:

  
Mayor Jason F. Ciento

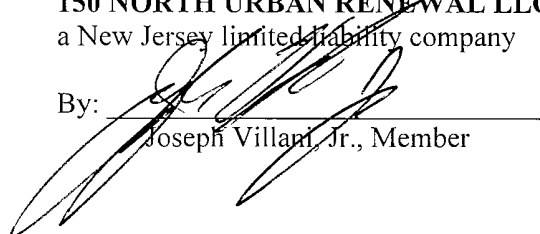
WITNESS:

  
JOSEPH PAPARO, ESQ.

ENTITY:

**150 NORTH URBAN RENEWAL LLC,**  
a New Jersey limited liability company

By:

  
Joseph Villani, Jr., Member

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6500533

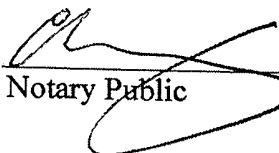
**ACKNOWLEDGMENT**

STATE OF NEW JERSEY :

:SS

COUNTY OF MIDDLESEX :

On this 9th day of March, 2022, before me, personally appeared Jason Cilento, the Mayor of the Borough of Dunellen, a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey, who I am satisfied is the person who executed the foregoing instrument; and he acknowledged that he executed the foregoing instrument as the act of the Borough and that he was authorized to execute the foregoing instrument on behalf of the Borough of Dunellen.

  
Notary Public

CHARLES A. LIEBLING  
ATTORNEY-AT-LAW OF NEW JERSEY

**ACKNOWLEDGMENT**


STATE OF NEW JERSEY :

SS.:

COUNTY OF MIDDLESEX :

I certify that on March 9th, 2021, Joseph Villani Jr., the Member of **150 NORTH URBAN RENEWAL LLC**, a New Jersey urban renewal entity and limited liability company, personally came before me and this person acknowledged under oath, to my satisfaction, that:

- (a) Being authorized to do so, this person signed, sealed, and delivered the attached document as the Member of **150 NORTH URBAN RENEWAL LLC**.
- (b) This document was signed and made by the Member as its voluntary act and deed by virtue of authority from **150 NORTH URBAN RENEWAL LLC**.

  
\_\_\_\_\_  
Notary Public

**JOSEPH A. PAPARO**  
**Attorney at Law of New Jersey**

**EXHIBIT A**  
**Property Description**

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EXHIBIT "A"

Legal Description

BEGINNING at the point of intersection of the northwestern sideline of North Avenue with the northeasterly sideline of Jackson Avenue;

thence running northwesterly and along the northeasterly sideline of Jackson Avenue 100 feet to a point and corner in other lands of Smalley;

thence running northeasterly and parallel with the northwesterly side-line of North Avenue and making a dividing line between the land hereby conveyed and other land of Smalley 100 feet to a point and corner;

thence running southeasterly and parallel with the northeasterly sideline of Jackson Avenue aforesaid and still making a new line between lands hereby conveyed and other lands of Smalley 100 feet to a point and corner in the northwesterly sideline of North Avenue aforesaid;

thence running southwesterly and along the northwesterly sideline of North Avenue 100 feet to the point and place of BEGINNING.

The above premises being further described in accordance with a survey made by Parker Engineering & Surveying P.C., dated April 17, 2019, as follows:

BEGINNING at a point formed by the intersection of the northeasterly side of Jackson Avenue with the northwesterly side of North Avenue and from said point of Beginning running; thence

1. Along the said northeasterly side of Jackson Avenue, North 28 degrees 30 minutes West, a distance of 99.90 feet to a point; thence
2. North 61 degrees 30 minutes East, a distance of 99.90 feet to a point; thence
3. South 28 degrees 30 minutes East, a distance of 99.90 feet to a point in the said northwesterly side of North Avenue and thence
4. Along the said northwesterly side of North Avenue, South 61 degrees 30 minutes West a distance of 99.90 feet to the aforescribed Intersection, the point or place of BEGINNING.

BEING ALSO KNOWN AS (REPORTED FOR INFORMATIONAL PURPOSES ONLY):

Block 1, Lot 14, on the office tax map of the Borough of Dunellen, County of Middlesex, State of New Jersey.

**EXHIBIT B**  
**Executed Financial Agreement Application with All Exhibits**

[Attached]

{40988636.2}  
6500533

**BOROUGH OF DUNELLEN  
APPLICATION FOR TAX EXEMPTION**

**OF**

**150 NORTH 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"), the below named Applicant respectfully submits to the Mayor of the Borough of Dunellen (the "Borough") this Application for Long Term Tax Exemption along with those documents attached and annexed hereto.

**Name of Applicant** (the "Applicant" or "Entity"): 150 North Urban Renewal LLC (URE to be formed)

**Point of Contact:** Joseph Paparo, Esq. (Applicant's attorney)

**Address:** Porzio Bromberg & Newman, 100 Southgate Parkway, Morristown, NJ 07962

**Telephone:** 973-889-4042

**Email:** [japaparo@pbnlaw.com](mailto:japaparo@pbnlaw.com)

**Project Name** (the "Project"): 150 North Avenue Project

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**Redevelopment Plan** (the "Redevelopment Plan"): Downtown Dunellen Redevelopment Plan Phase 1

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**1. Identification of Project Area:**

**Redevelopment Area** (the "Redevelopment Area"): 150 North Avenue

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**Number of Acres:** 0.23 acres (9,980 square feet)

**Block(s)/Lot(s)** (as identified on the Borough's tax maps): Block 1, Lot 14

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(collectively hereinafter referred to as the "Project Area").

**2. General Statement of Nature of Redevelopment Project (N.J.S.A. 40A:20-8a):**

New 3-story mixed-use building providing approximately 1,578 square of ground floor commercial space with 14 residential units above.

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**3. Description of the Project (N.J.S.A. 40A:20-8b):**

The following documents depicting and describing the Project Area and the proposed Project are attached hereto and made a part hereof as **Exhibit A**:

Approved Site Plan set last revised 12.15.20 prepared by Stonefield Engineering & Design;  
Approved Architectural floor plans last revised 11.24.20 prepared by Alan Feld Architect;  
Approved Architectural elevations last revised 6.30.21 prepared by Alan Feld Architect.

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**4. Term of Exemption:**

The Applicant requests that the term of the long-term tax exemption be for a period of 30 years from the date of the Borough's issuance of a Certificate of Occupancy (including any Temporary Certificate of Occupancy) for the Project.

**5. Financial Agreement:**

The proposed Financial Agreement between the Borough and the Applicant is attached and annexed hereto as **Exhibit B**.

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

Pursuant to the Exemption Law, N.J.S.A 40A:20-3h, 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 and, as applicable, the estimated cost of each unit to be undertaken, is annexed hereto and made a part hereof as **Exhibit C**.

**7. Financial/Fiscal Plan:**

A proposed Financial/Fiscal Plan for the Project, as required by N.J.S.A 40A:20-8e, 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 payments to be made to the Borough pursuant to the Financial Agreement is annexed hereto and made a part hereof as **Exhibit D**.

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

Pursuant to N.J.S.A 40A:20-8d, the Applicant will finance the development and construction of the Project through a traditional, commercial lender. \_\_\_\_\_

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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 Site Control of Project Area:**

Applicant currently exercises the following site control over the Project Area:

Record title holder

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

Commencing upon the Effective Date of the Financial Agreement attached hereto, the Applicant shall pay the Minimum Annual Service Charge.

Upon the Borough's issuance of a Certificate of Occupancy (including a Temporary Certificate of Occupancy) for the Project, the Applicant shall pay the Minimum Annual Service Charge or the Annual Service Charge or pro rata share thereof, whichever is greater.

(A) Minimum Annual Service Charge amount: \* see Financial Agreement

(B) Annual Service Charge amount: \* see Financial Agreement

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

**11. Real Estate Taxes:**

The total real property taxes paid on the Project Area for the 2020 Tax Year were Nine Thousand Seven Hundred Forty-four and 00/100 Dollars (\$9,744.00). Attached and annexed hereto as **Exhibit F** are true copies of the Tax Bills for the Project Area for the 2020 Tax Year.

**12. Municipal Tax Assessment:**

The approximate total real property aggregate assessed value of the Project Area is Three Hundred Thousand and 00/100 Dollars (\$300,000.00) for the 2021 Tax Year. Attached and annexed hereto as **Exhibit G** are the estimated 2021 Real Estate Property Taxes for the Project Area. The Borough has provided the estimated 2021 taxes and believes that same is accurate as presented herein.

**13. Disclosure Statement (N.J.S.A. 40A:20-5 and -8):**

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 H** is a true copy of the Disclosure Statement for the Applicant.

**14. Applicant Qualifications:**

The Applicant has provided to the Borough, or is providing to the Borough as a part of this Application, attached and annexed to as **Exhibit I**, the following due diligence materials for

the purpose of evidencing Applicant's qualifications as the redeveloper of the Project Area:

- (A) Copies of resumes of the key personnel of Applicant.
- (B) A complete identification of all principals or officers of any entities, firms, arrangements, associates, joint ventures, or partnerships of Applicant.
- (C) A complete identification of all principals holding ten percent (10%) or more of the net equity of Applicant and all officers of all firms or entities so named.
- (D) A complete list of all criminal charges and civil environmental complaints, brought against any of those entities, firms or persons that have been involved in any way with Applicant as identified in the foregoing answers and the disposition of all such criminal charges and/or civil environmental complaints, if any.
- (E) Financial references for Applicant.
- (F) Financial statements (audited preferred) for the general partner or controlling entity of the development team of Applicant for the last three (3) years.
- (G) Information to support the financial stability of Applicant.
- (H) Evidence of Applicant's ability to secure builder's risk insurance.
- (I) Any negative information that would be deemed material under generally accepted accounting practices and, in addition thereto, any history of bankruptcy, insolvency, receivership, or similar declaration or status determination with respect to individuals or entities associated with the Applicant or any entity or affiliate thereof or individuals, or entities that are principals of said Applicant.
- (J) Specific information on how Applicant has financed major projects. Indication of the source and amount of debt and equity funds Applicant has arranged in the past.
- (K) Indication of whether Applicant has provided its own equity in its projects and, if so, to what extent.
- (L) Summary of Applicant's related projects, project operations, current or pending projects.

**15. 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 Borough's Governing Body of an appropriate Ordinance approving and making effective a Long Term Tax Exemption and Financial Agreement and authorizing the Mayor or other appropriate official to execute such Financial Agreement.

**16. Applicant's Formation Documents:**

Attached and annexed hereto as **Exhibit J** is a true copy of the filed [Certificate of Formation/Incorporation] of Applicant reviewed and approved by the Commissioner of the State of New Jersey Department of Community Affairs.

17. Exhibits:

The following exhibits are attached and annexed to this Application for Long Term Tax Exemption and are hereto incorporated herein:

Exhibit A: Description of Project

Exhibit B: Financial Agreement

Exhibit C: Total Project Cost

Exhibit D: Financial/Fiscal Plan

Exhibit E: Projected Annual Gross Revenue and Annual Service Charge

Exhibit F: 2020 Real Estate Taxes

Exhibit G: Estimated 2021 Real Estate Taxes

Exhibit H: Disclosure Statement

Exhibit I: Applicant Qualifications

Exhibit J: Formation Documents

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

150 NORTH URBAN RENEWAL LLC

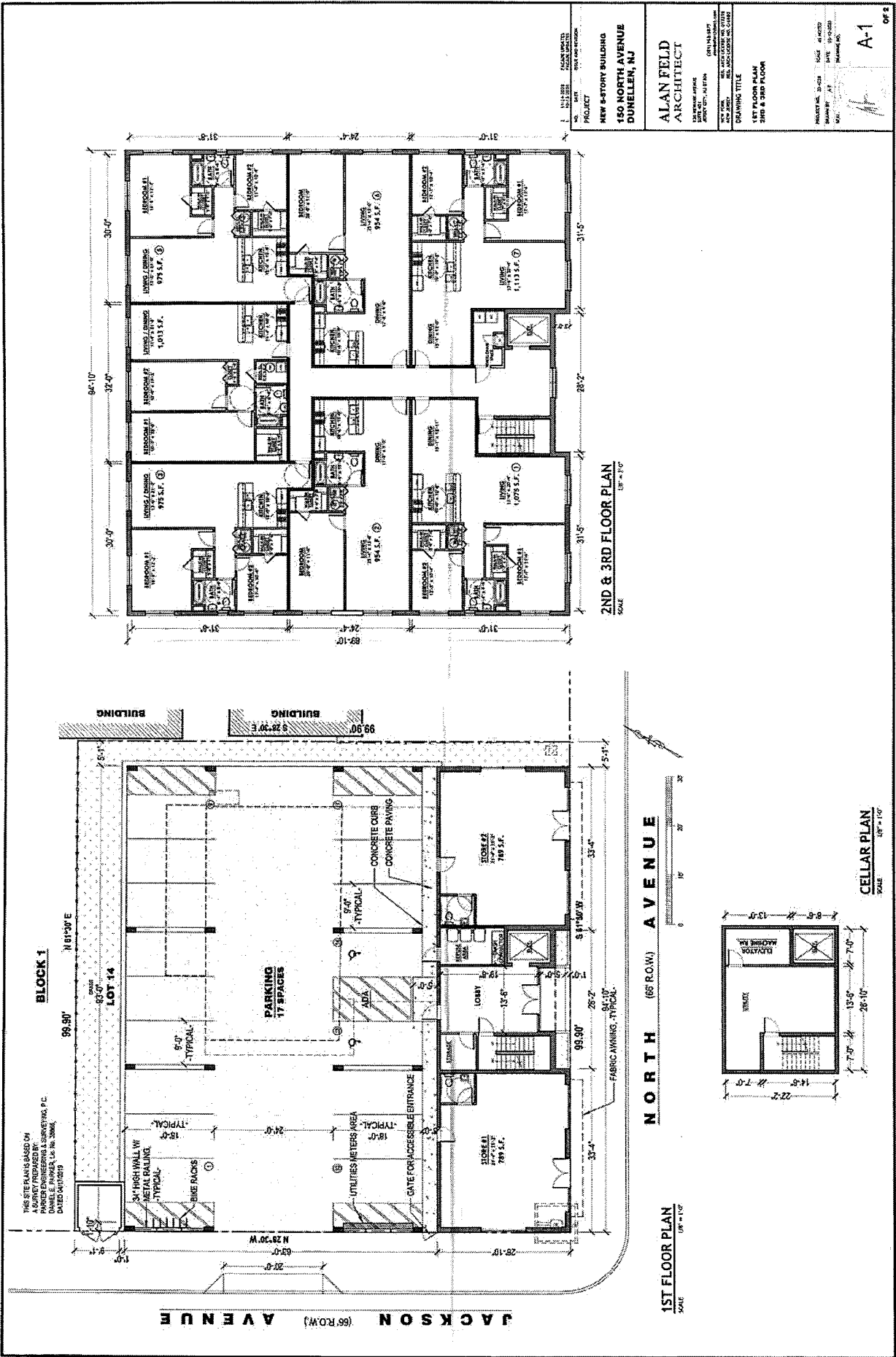
By: 

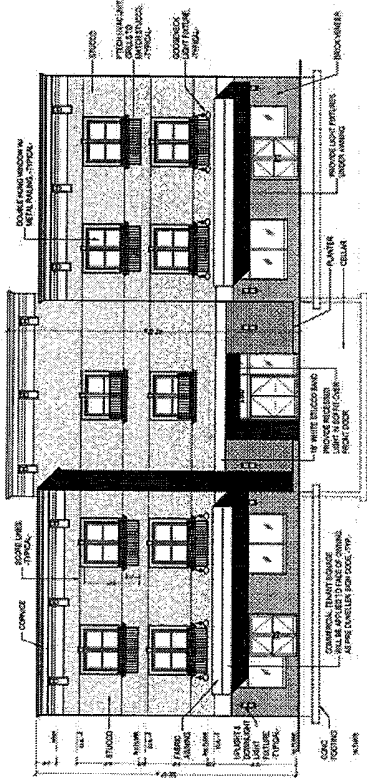
Name: Joseph Villani, Jr.  
Title: Managing Member

**Exhibit A**  
Description of Project

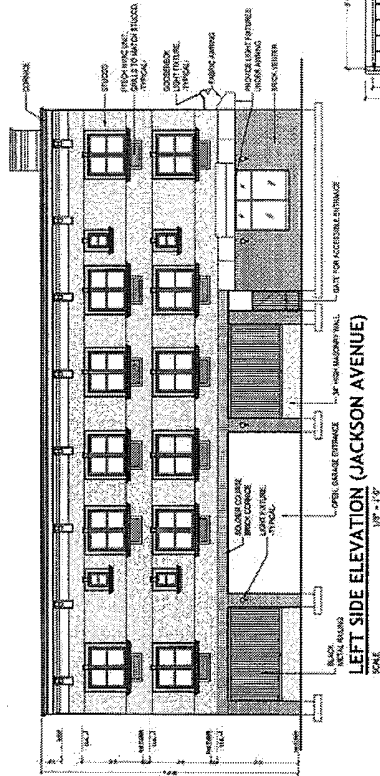
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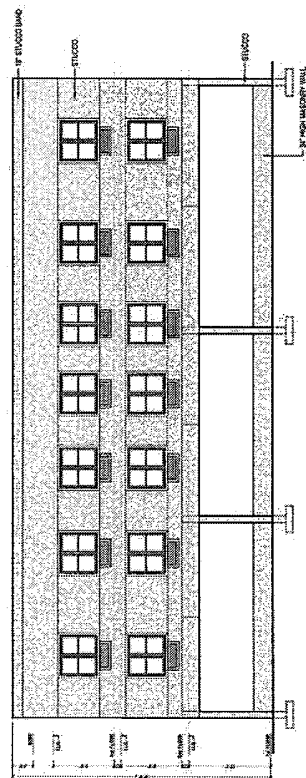




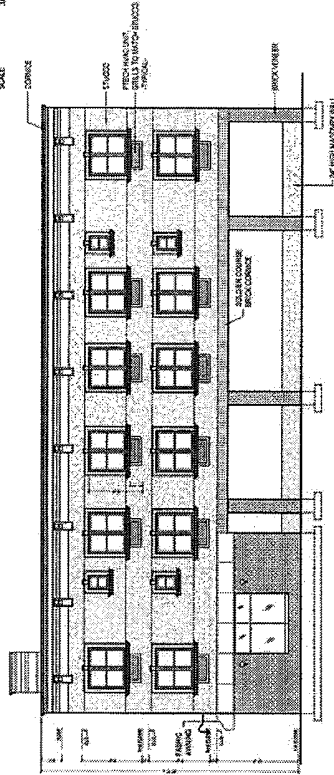
**FRONT ELEVATION (NORTH AVENUE)**  
SCALE: 1/8" = 1'-0"



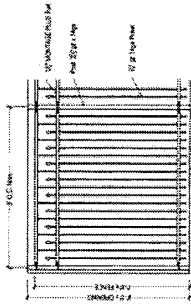
**LEFT SIDE ELEVATION (JACKSON AVENUE)**  
SCALE: 1/8" = 1'-0"



**REAR ELEVATION**  
SCALE: 1/8" = 1'-0"



**RIGHT SIDE ELEVATION**  
SCALE: 1/8" = 1'-0"



**FENCE DETAIL**  
SCALE: 1/8" = 1'-0"

<p>1. 15-10-2018 2. 15-10-2018 3. 15-10-2018</p> <p><b>PROJECT</b> NEW 5-STORY BUILDING 150 NORTH AVENUE DUNELLEN, NJ</p>	<p><b>ALAN FELD ARCHITECT</b> 150 NORTH AVENUE DUNELLEN, NJ 07004 TEL: 908-261-1111 WWW.ALANFELDARCHITECT.COM</p>	<p>DATE: 15-10-2018 SCALE: A-2 DRAWN BY: J. J. JONES CHECKED BY: M. J. JONES PROJECT NO.: 2018-001</p>
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**Exhibit B**  
Proposed Financial Agreement

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**Exhibit C**

Certified Statement By New Jersey Licensed Architect/Engineer  
Setting Forth Estimated Total Project Cost

See Attached.

{40603057.4}

**Alan Feld Architect**  
**930 Newark Avenue, Suite 401**  
**Jersey City, NJ 07310**

---


**Total Project Cost**

**150 North Avenue Dunellen, NJ**

<b>1) Land</b>	<b>\$400,000</b>
<b>Closing Costs</b>	<b>\$9,248</b>
<b>Improvements</b>	<b>\$11,450</b>
<b>2) Architect*</b>	<b>\$25,000</b>
<b>Engineer*</b>	<b>\$33,794</b>
<b>Attorney*</b>	<b>\$11,450</b>
<b>Township Professionals/Fees*</b>	<b>\$40,745</b>
<b>3) Surveying</b>	<b>\$3,550</b>
<b>Testing-environmental</b>	<b>\$2,575</b>
<b>4) Construction Costs(attached)</b>	
<b>5) During Construction Cost:</b>	
<b>Insurance**</b>	<b>\$9,635</b>
<b>Finance Charges/Interest**</b>	<b>\$108,000</b>
<b>6) Cost of Financing</b>	<b>\$38,400</b>
<b>7) Commissions(Lease Up)</b>	<b>\$51,700</b>
<b>8) Taxes**(During Construction)</b>	<b>\$9,744</b>
<b>Assessment \$300,000</b>	
<b>9) Overhead</b>	<b>\$213,819</b>
<b>(based on construction cost of \$2,949,750)</b>	

**\*current costs to date**

**\*\*based on one year construction time frame**



**Alan Feld, Architect**  
**NJ License No. 6880**

6417022

**Exhibit D**  
Financial/Fiscal Plan

{40603057:4}

**150 North Avenue Dunellen, NJ**

**Operating Expenses**

14 Residential/2 commercial

Property Taxes	TBD	
Insurance	\$9,600	\$600 per door
Repairs/Maintenance	\$8,000	\$500 per door
General Administration	\$4,000	\$250 per door
Property Management	\$12,150	5% Gross Income
Utilities	\$5,600	\$350 per door
Contract Services	\$6,400	\$400 per door
Payroll	\$11,200	\$700 per door
Marketing	\$1,600	\$100 per door
Parking Maintenance	\$4,160	\$260 per door
Vacancy	\$12,150	5% Gross Income
Capital Reserves	\$4,800	\$300 per door
Total-Before Debt Service	\$79,660*	*excludes property tax
Debt \$2,500,000 @ 4.0%(30 yr)= \$11,935 monthly x 12	\$143,220	
Grand Total Expenses	\$222,880*	*excludes property tax

**Gross Revenue**

x 12

9-2 Bedroom X \$1,650 month	\$14,850	178,200
3-1 Bedroomx \$1,300 month	\$3,900	\$46,800
Affordable Low-\$600	\$600	\$7,200
Affordable Moderate-\$900	\$900	\$10,800
Commercial-2 units	\$2,000	\$24,000
Total	\$267,000	

**Exhibit E**

Projected Annual Gross Revenue and Annual Service Charge

{40603057:4}

<u>Annual Gross Revenue</u>		<u>Rate</u>	<u>PILOT</u>
Year 1	\$267,000	11%	\$29,370
Year 2	\$272,340	11%	\$29,957
Year 3	\$277,786	11%	\$30,556
Year 4	\$283,342	11%	\$31,167
Year 5	\$289,009	11%	\$31,790
Year 6	\$294,789	11%	\$32,426
Year 7	\$300,685	11%	\$33,075
Year 8	\$306,699	11%	\$33,736
Year 9	\$312,833	11%	\$34,411
Year 10	\$319,089	11%	\$35,099
Year 11	\$325,471	12%	\$39,056
Year 12	\$331,980	12%	\$39,837
Year 13	\$338,620	12%	\$40,634
Year 14	\$345,392	12%	\$41,447
Year 15	\$352,300	12%	\$42,276
Year 16	\$359,346	12%	\$43,121
Year 17	\$366,533	12%	\$43,983
Year 18	\$373,864	12%	\$44,863
Year 19	\$381,341	12%	\$45,760
Year 20	\$388,968	12%	\$46,676
Year 21	\$396,747	13%	\$51,577
Year 22	\$404,682	13%	\$52,608
Year 23	\$412,776	13%	\$53,660
Year 24	\$421,032	13%	\$54,734
Year 25	\$429,452	13%	\$55,828
Year 26	\$438,041	13%	\$56,945
Year 27	\$446,801	13%	\$58,084
Year 28	\$455,738	13%	\$59,245
Year 29	\$464,852	13%	\$60,430
Year 30	\$474,149	13%	\$61,639

**Exhibit F**  
2020 Real Estate Taxes

{40603057:4}

**ANNUAL/2021 PRELIMINARY TAX BILL**

**BOROUGH OF DUNELLEN**

MIDDLESEX COUNTY, N.J.

Parcel NUMBER	LOT NUMBER	QUALIFICATION
1	14	
Property Locat.	150 NORTH AVE	
Building Desc.	1SCB-GAS-STAT	
Additional Lots	DEMO 11/19	
Land Dimens	10000 SF	
Bank	Mortgage #	Tax Acct. #
		00000015

EXPLANATION OF TAXES		
DESCRIPTION	RATE PER \$100	AMOUNT OF TAX
COUNTY TAX	0.359	1077.00
COUNTY OPEN SPACE TAX	0.030	90.00
SCHOOL TAX	1.988	5964.00
LOCAL MUNICIPAL TAX	0.838	2514.00
MUNICIPAL LIBRARY TAX	0.033	99.00

**ASSESSED VALUATION INFORMATION**

LAND	IMPROVEMENTS	TOTAL
300000	0	300000
EXEMPTIONS	NET TAXABLE VALUE	300000

COMMUNIPAW ASSOCIATES LLC  
1878 MORRIS AVE  
UNION, NJ 07083

2020 TOTAL TAX	3.248	9744.00
2020 NET TAX		9744.00
LESS 2020 PREV. BILLED		7528.17
BALANCE OF 2020 TAX		2215.83

2020 3RD QTR DUE AUG. 1, 2020	2215.83	2020 4TH QTR DUE NOV. 1, 2020	2215.83	2021 1ST QTR DUE FEB. 1, 2021	2436.00	2021 2ND QTR DUE MAY 1, 2021	2436.00
----------------------------------	---------	----------------------------------	---------	----------------------------------	---------	---------------------------------	---------

INFORMATION FOR TAXPAYERS	2021 PRELIMINARY TAX									
<p>MAKE CHECK PAYABLE TO: BOROUGH OF DUNELLEN</p> <p>MAIL TO: BOROUGH OF DUNELLEN TAX COLLECTOR 353 NORTH AVENUE DUNELLEN, NJ 08812 (732) 968-1226</p>	<p>PRELIMINARY TAX IS EQUAL TO ONE HALF OF 2020 TOTAL NET TAX</p> <p style="text-align: right; border: 1px solid black; padding: 5px;">4872.00</p>									
SEE REVERSE SIDE FOR ADDITIONAL INFORMATION	DISTRIBUTION OF TAXES									
<p>TAX OFFICE HOURS: 9:00-2:00pm THERE IS A 10 DAY GRACE PERIOD INTEREST ACCRUES FROM THE 1ST TO PAYMENT DATE. INTEREST CALCULATED AT 8% ON FIRST 1,500 THE REMAINDER AT 18% PER DIEM</p> <p>REMINDER: IF YOU HAVE A MORTGAGE CO THAT ESCROWS FOR TAXES CONTACT THEM TO SEE WHO IS RESPONSIBLE FOR PAYMENT OF THIS BILL</p>	<table border="1"> <tbody> <tr> <td>County Taxes</td> <td>11.97%</td> <td>\$ 1167.00</td> </tr> <tr> <td>School Taxes</td> <td>61.21%</td> <td>\$ 5964.00</td> </tr> <tr> <td>Municipal Taxes</td> <td>26.82%</td> <td>\$ 2613.00</td> </tr> </tbody> </table>	County Taxes	11.97%	\$ 1167.00	School Taxes	61.21%	\$ 5964.00	Municipal Taxes	26.82%	\$ 2613.00
County Taxes	11.97%	\$ 1167.00								
School Taxes	61.21%	\$ 5964.00								
Municipal Taxes	26.82%	\$ 2613.00								

**STATE AID USED TO OFFSET LOCAL PROPERTY TAXES:** The budgets of the government agencies funded by this tax bill include State aid used to reduce property taxes. State aid offset information for current year municipal tax bills will start becoming available at the end of July. Access the Division of Local Government Services' website at [http://www.nj.gov/dca/divisions/dlgs/resources/property\\_tax.html](http://www.nj.gov/dca/divisions/dlgs/resources/property_tax.html) to find (based on the assessed value of this parcel) the amount of state aid used to offset property taxes on this parcel.

**Exhibit G**  
Estimated 2021 Real Estate Taxes

57

{40603057:4}

Block: 1 Lot: 14 Qual: PIN: 032171  
Tax Account Id: 15 Tax Bill #: 000007 Bank Code:  
Property Location: 150 NORTH AVE

This Estimated Bill has the same status as a regular tax bill and may be paid without interest until 08/10/21. After 08/10/21, interest is 8% on 1st \$1500.00 and 18% after \$1500.00

Make check payable to:	Estimated Taxes:	2224.5
BOROUGH OF DUNELLEN	Adjustments:	0.0
353 NORTH AVENUE	Total Due:	2224.5
DUNELLEN, NJ 08812		

Prop. 150 (Paid-Checking)  
Amount 2224.50 Due Date: 08/01/21  
Sign [Signature]  
Ins. \_\_\_\_\_

COMMUNIPAW ASSOCIATES LLC  
STE A 376 NORTH AVE  
DUNELLEN, NJ 08812-1296

**BOROUGH OF DUNELLEN ESTIMATED TAX BILL**

**Exhibit H**  
Disclosure Statement

{40603057:4}

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS  
DIVISION OF CODES AND STANDARDS  
BUREAU OF HOMEOWNER PROTECTION  
PO BOX 805  
TRENTON, NEW JERSEY 08625-0805

URBAN RENEWAL ENTITIES  
DISCLOSURE INFORMATION

Instructions for Completion: You have filed an application for approval of an urban renewal entity pursuant to the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.). In order for us to process the application, we require that you provide the following information and forward this form to the above address or fax it to (609) 292-2839. This form must be completed prior to Division approval of the entity. If you have any questions, please call Karen Schwacha at (609) 984-5831.

Name of Urban Renewal Entity: 150 North Urban Renewal LLC

**SECTION 1: TYPE OF APPROVAL REQUESTED** (check one):

Original certificate (of incorporation, limited partnership, formation, etc.)

Amendment to original certificate (of incorporation, limited partnership, formation, etc.). Note: In the case of amendments, please forward a copy of original certificate marked "filed, State Treasurer" or "filed, Secretary of State" with this form.

Other (please specify) \_\_\_\_\_

**SECTION 2: PROJECT INFORMATION**

Project Name: 150 North Avenue Redevelopment

Project Street Address: 150 North Avenue, Dunellen, New Jersey

Project Block Number(s) Project Lot Numbers Block 1 Lot 14

Municipality in which the Project is located: Borough of Dunellen

County in which the Project is located Middlesex

**SECTION 3** (for project listed in **SECTION 2**.)

(Check one)

1. This project is solely a commercial project (with no housing units) developed in a redevelopment area pursuant to a municipal redevelopment plan.

-next-

6516781

URBAN RENEWAL ENTITIES  
DISCLOSURE INFORMATION, PAGE 2

NAME OF URBAN RENEWAL ENTITY: 150 North Urban Renewal LLC

**SECTION 3 (cont.)**

2. This project consists solely of market rate housing units developed in a redevelopment area pursuant to a municipal redevelopment plan.

NOTE: If you checked 1 or 2, complete **SECTIONS 4, 6, and 7.**

3. The project consists of low and moderate income housing units, which may include senior citizen low and moderate income housing units.

NOTE: If you checked 3, complete **SECTION 5, 6, and 7.**

4. This project consists of mixed uses.  
Specify type:  
 Market rate and low and moderate income housing.  
 Commercial and market rate housing.  
 Commercial and low and moderate income housing.  
 Other (please describe), \_\_\_\_\_

NOTE: If you checked 4, complete **SECTIONS 4, 5, 6, and 7.**

**SECTION 4: REDEVELOPMENT PLAN INFORMATION**

Name of Municipal Redevelopment Agency: The Borough of Dunellen

Citation of municipal ordinance adopting the redevelopment plan Ordinance No. 2016-05

For housing projects, complete the following:

Specify type and number of units as applicable:

Condominium units \_\_\_\_\_  
 Market rate rental: 12  
 Low and moderate income in mixed use projects: 2  
 Senior citizen in mixed use projects \_\_\_\_\_  
 Other (please specify) \_\_\_\_\_

Total number of units: 14

**SECTION 5: PROJECT FUNDING SOURCES**

The low and moderate income housing project will be financed or insured by which of the following (check all applicable):

Private funds (Please specify) conventional commercial financing  
 State or Federal financing or insuring agencies (Please specify below)  
 Other (Please specify) \_\_\_\_\_

-next-

URBAN RENEWAL ENTITIES

6516781

NAME OF URBAN RENEWAL ENTITY: 150 North Urban Renewal LLC

**SECTION 5: PROJECT FUNDING SOURCES (cont.)**

State or Federal Financing or Insuring Agencies for the Project (check all that apply):

NJ Department of Community Affairs:

- Neighborhood Preservation Balanced Housing
- Downtown Living Initiative Program
- HOME – Housing Production Investment Fund
- HOME – Neighborhood Preservation
- HOME – Rental Rehabilitation

NJ Housing and Mortgage Finance Agency:

- NJ Community Housing Demo Program (developmental disabilities)
- NJ Supportive Housing Program
- Shared Residence Rental Housing Program (community residence)
- Transitional Housing Revolving Loan Program
- Multifamily Rental Housing Program
- Public Housing Construction and Permanent Loan Program
- Rental Housing Incentive Finance Fund
- 100% Mortgage Program
- Urban Home Ownership Recovery Program
- Low-Income Housing Tax Credit Allocation Program

NJ Redevelopment Authority:

- NJ Urban Site Acquisition Program

US Department of Housing and Urban Development (HUD)

- Section 811 Supportive Housing for Persons with Disabilities
- Section 202 Supportive Housing for the Elderly
- HOPE VI Grants
- HOME Program

US Department of Agriculture

- Rural Resources Administration (formerly Farmers' Home Administration)

Other (Please specify) \_\_\_\_\_

List the information of the State or Federal financing or insuring agency's contact person:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Department/Agency: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

-next-

URBAN RENEWAL ENTITIES  
DISCLOSURE INFORMATION, PAGE 4

NAME OF URBAN RENEWAL ENTITY: 150 North Urban Renewal LLC

**SECTION 6: PROJECT CONSTRUCTION/OWNERSHIP**

1. The project is new construction.
2. An existing project is being rehabilitated.  
If rehab, specify name of individual, entity, etc. who is the current owner of the project.  
\_\_\_\_\_
3. Ownership of an existing project is being transferred to the new urban renewal entity.  
If transfer, specify name of individual, entity, etc. from whom the project is being or has been transferred.
- Is the transferor entity a limited dividend corporation or association, established pursuant to the Limited Dividend and Nonprofit Housing Corporations and Associations Law, N.J.S.A.55:16-1 et seq.? (yes or no)
- Is the transferor entity an existing urban renewal entity established pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq.? (yes or no)
4. Has this project caused or will this project cause displacement of individuals or businesses? (yes or no) No \_\_\_\_\_

**SECTION 7: CERTIFICATION**

NOTE: This certification must be completed by an individual authorized to execute the certificate of incorporation (incorporator), the certificate of limited partnership (general partner), or other similar certificate or statement as may be required by law.

**CERTIFICATION**

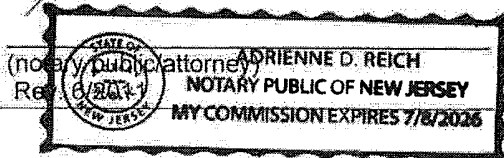
I attest that the information stated herein is truthful and accurate to the best of my knowledge and understand that failure to fully and accurately disclose any information may delay processing the application while the Department investigates the application and project. Further, I understand that any project of the urban renewal entity may be subject to additional Department review and approval, pursuant to the requirements of the Limited Dividend and Nonprofit Corporations or Associations Law, N.J.S.A. 55:16-1 et seq., the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., and/or rules governing Limited Dividend and Nonprofit Housing Corporations and Associations and Urban Renewal Entities, N.J.A.C. 5:13-1 et seq.

Sworn to me and subscribed before me this  
16<sup>th</sup> day of August, 2021

Adrienne D. Reich

X [Signature]  
(authorized individual's signature)

Joseph Villani, Jr.  
(print name of authorized individual)



6516781

**Exhibit I**  
Applicant Qualifications

Per the Borough, based on the Applicant's track record with other redevelopment projects in the Borough and the Borough's consultation with its redevelopment consultants regarding the Applicant and the requested tax exemption, inclusion of the listed due diligence materials in this Application is not required.

{40603057:4}

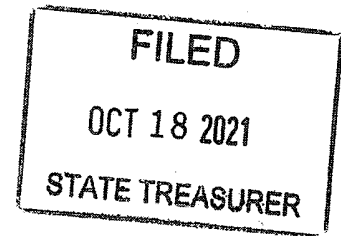
**Exhibit J**  
Formation Documents

{40603057:4}

CERTIFICATE OF FORMATION

OF

150 NORTH URBAN RENEWAL LLC



TO: The State Treasurer  
State of New Jersey

0600475179

The undersigned, being of the age of 18 years or over, for the purpose of forming a limited liability company pursuant to the provisions of §42:2C-18 of the New Jersey Revised Uniform Limited Liability Company Act, does hereby execute the following Certificate of Formation:

**FIRST:** The name of the limited liability company is: 150 North Urban Renewal LLC (the "LLC").

**SECOND:** The address of the registered office of the LLC is c/o Villani Builders, 376 North Avenue, Suite A, Dunellen, NJ 08812 and the name of the limited liability company's registered agent at such address is Joseph Villani, Jr.

**THIRD:** The purpose for which the LLC 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, alter, maintain and/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 improvements 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.).

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

**FIFTH:** The LLC has been organized to serve a public purpose and 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; and (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.). The LLC shall be subject to regulation by the Borough of Dunellen, 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.).

6516786

**SIXTH:** The LLC 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 the LLC 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 County of Middlesex, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the Borough of Dunellen.

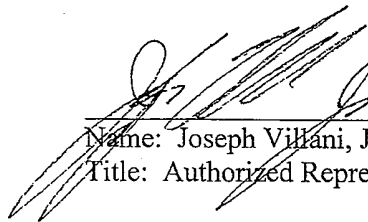
**SEVENTH:** The LLC shall file annually with the governing body of the Borough of Dunellen a disclosure of the persons having an ownership interest in the project and the extent of the ownership held by each. Nothing herein shall prohibit any transfer of the ownership interest in the urban renewal entity 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.

**EIGHTH:** The LLC is subject to the provisions of Section 18 of P.L.1991, c.431 (C.40A:20-1 et seq.) respecting the powers of the Borough of Dunellen is to alleviate financial difficulties of the urban renewal entity or to perform actions on behalf of the entity upon a determination of financial emergency.

**NINTH:** Any housing units constructed or acquired by the LLC shall be managed subject to the supervision of, and rules adopted by, the Commissioner of Community Affairs.

*[signature page follows]*

**IN WITNESS WHEREOF**, the undersigned has signed this Certificate of Formation on the 16<sup>th</sup> day of August, 2021.



---

Name: Joseph Villani, Jr.  
Title: Authorized Representative

6516786



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

FILED  
 OCT 18 2021  
 STATE TREASURER

PHILIP D. MURPHY  
*Governor*

LT. GOVERNOR SHEILA Y. OLIVER  
*Commissioner*

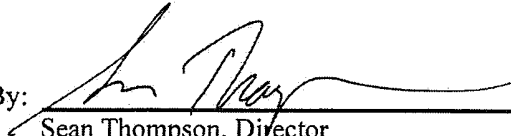
DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer  
 RE: 150 NORTH URBAN RENEWAL LLC  
 File # 3175  
 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 7<sup>th</sup> day of October 2021 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By:   
 Sean Thompson, Director  
 Local Planning Services



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**EXHIBIT C**

**Ordinance of the Borough Authorizing Execution of this Financial Agreement**

6500533

{40988636:2}

## ORDINANCE 2022-05

The following ordinance was Introduced for first reading at a meeting of the Governing Body of the Borough of Dunellen, in the County of Middlesex, State of New Jersey, on February 7, 2022. It is now being further considered for final passage, after public hearing thereon, at a meeting of said governing body being held in the Municipal Building, 355 North Avenue, Dunellen, New Jersey, in said County, on Tuesday, February 22, 2022 at 7:00 p.m. During the week prior to and up to and including the date of this meeting copies of the full ordinance have been available at no cost and during regular business hours, at the Clerk's office for members of the general public who have requested the same.

### **AN ORDINANCE TO APPROVE A LONG-TERM TAX EXEMPTION AND FINANCIAL AGREEMENT BETWEEN THE BOROUGH OF DUNELLEN AND 150 NORTH URBAN RENEWAL, LLC**

**WHEREAS**, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, *et seq.*, as amended and supplemented (the "Act"), provides a process for municipalities to participate in the redevelopment and improvement of areas in need of redevelopment; and

**WHEREAS**, in accordance with the criteria set forth in the Act, the Borough Council (the "**Borough Council**") of the Borough of Dunellen (the "**Borough**"), acting as the Borough's redevelopment entity pursuant to N.J.S.A. 40A:12A-4, designated certain properties identified on the Borough's tax map as Block 69, Lots 1, 1.01, 2, 2.01 and 3; Block 70, Lots 13 and 13.01; Block 85, Lots 1 and 2; Block 83, Lot 1; Block 1, Lots 14, 15.01, 15.02, 16, 17, 18, 19, 20, 21, 22 and 23; Block 2, Lots 10, 11.01, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20; Block 32, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14.01, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 24.01, 25, 26, 27 and 28; Block 33, Lots 14, 14.01, 15, 16, 17, 18, 19, 20, 21, 22 and 23; Block 34, Lots 10.01, 22, 23, 24, 24.01, 25, 26, 27.01, 27.02, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 38.01 and 38.02; Block 48, Lots 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 28; Block 49, Lots 25, 26, 27.01, 28, 29, 30, 31, 32, 33, 34, 35, 37, 38, 39.01, 39.02, 40, 41, 43 and 44; Block 50, Lots 1, 2, 3, 4, 5 and 6; Block 51, Lots 1, 2 and 3 (NJ Transit Property); Block 65, Lot 1; Block 66, Lots 1, 2, 3, 4, 5, 6.01, 7, 8, 9, 10.01, 10.02, 11, 12, 13, 14, 15.01, 15.02, 16, 17, 17.01, 18, 19 and 20; and Block 86, Lots 1, 2, 3, 4, 4.02, 4.03 and 5 as an area in need of redevelopment under N.J.S.A. 40A:12A-5 (collectively, the "**Redevelopment Area**"); and

**WHEREAS**, pursuant to N.J.S.A. 40A:12A-7, the Borough Council adopted by ordinance on May 16, 2016, the Restated and Amended Dunellen Downtown Redevelopment Plan, Phase 1, and subsequently amended by ordinance on November 6, 2017, September 4, 2018, October 1, 2018 and June 7, 2021 (the "**Redevelopment Plan**") for the Redevelopment Area; and

WHEREAS, 150 North Urban Renewal LLC (the “**Entity**”) is the owner of certain parcels within the Redevelopment Area commonly known as 150 North Avenue and identified on the Borough’s official tax map as Block 1, Lot 14 (the “**Property**”); and

WHEREAS, on May 17, 2021, the Borough Council passed a resolution authorizing the execution and delivery of that certain Redevelopment Agreement (the “**Redevelopment Agreement**”), which sets forth the respective obligations for the Borough and the Entity (as successor to its affiliate, Communipaw Associates LLC) with respect to the redevelopment of the Property in accordance with the Redevelopment Plan; and

WHEREAS, the Redevelopment Agreement provides for, *inter alia*, the construction of a three-story, mixed-use commercial/residential project consisting of approximately 1,578 square feet of ground floor commercial space, fourteen (14) rental residential units (two of which shall be Affordable Units) and related improvements (collectively, the “**Project**”); and

WHEREAS, the Project as set forth in the Redevelopment Agreement conforms to the Redevelopment Plan and the master plan of the Borough; and

WHEREAS, pursuant to the Act, improvements to property located within an area in need of redevelopment may qualify for long term tax exemptions under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 *et seq.* (the “**LTTE Law**”); and

WHEREAS, the Entity is authorized to do business as an urban renewal entity under the laws of the State of New Jersey pursuant to the provisions of the LTTE Law; and

WHEREAS, despite the Entity’s substantial investment of equity and borrowed funds, such amounts are insufficient to pay for all of the costs associated with the development and construction of the Project; and

WHEREAS, the provisions of the Act and such other statutes as may be sources of relevant authority, if any, authorize the Borough to accept, in lieu of real property taxes, an annual service charge paid by the Entity to Borough as set forth in such laws; and

WHEREAS, in order to enhance the economic viability of and opportunity for a successful project, the Entity has submitted an application for the approval of a long term tax exemption for the Project (the “**Exemption Application**”), attached hereto as Exhibit A, and a form of financial agreement (the “**Financial Agreement**”), attached hereto as Exhibit B, to the Borough, all in accordance with the LTTE Law; and

WHEREAS, the mayor of the Borough has provided his recommendations with respect to the Exemption Application to the Borough Council; and

WHEREAS, upon review of the proposed Project, the Exemption Application and the Financial Agreement, the Borough has made the following findings with respect to the Project pursuant to N.J.S.A. 40A:20-11:

1. The development and construction of the Project, including infrastructure improvements as set forth in the Redevelopment Agreement and the Redevelopment Plan will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Property; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Property; will facilitate the remediation of environmental contamination and the revitalization and productive reuse of land currently in a blighted, stagnant, unproductive and fallow condition; will enhance the economic development of the Borough by alleviating existing blight conditions of the Property; and will further Redevelopment Plan objectives and contribute to the economic growth of the Borough in general and specifically the Property;
2. The Project will result in the creation of two (2) units of affordable housing;
3. The aforesaid benefits of the Project exceed the cost, if any, associated with granting the tax exemption provided by the Financial Agreement;
4. The Financial Agreement is a material inducement to the Entity to undertake the Project in the Borough and facilitate the redevelopment of the Property; and

WHEREAS, the Borough is agreeable to granting a long term tax exemption to the Entity for the Project and, in connection therewith, the Borough and the Entity will utilize the Act and such other statutes as may be sources of relevant authority, if any, to facilitate financing of the Project; and

WHEREAS, in accordance with the provisions of the Act and the LTTE Law, the Borough desires to approve the Project, the Exemption Application and the Financial Agreement.

**NOW THEREFORE, BE IT RESOLVED BY THE BOROUGH COUNCIL OF THE BOROUGH OF DUNELLEN, NEW JERSEY AS FOLLOWS:**

Section 1. The Recitals are incorporated by reference as if set forth in full.

Section 2. The Exemption Application submitted by the Entity is hereby approved in accordance with Section 8 of the LTTE Law.

Section 3. The Mayor, in consultation with counsel to the Borough, is hereby authorized to execute the Financial Agreement following the execution thereof by the Entity and prepare, amend or execute any other agreements necessary to effectuate this ordinance, subject to modification or revisions, as deemed necessary and appropriate, with such execution to occur only simultaneous with the full execution of a redevelopment agreement for the Project.

Section 4. The Clerk of the Borough 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 Borough upon such document.

Section 5. An exemption from taxation as set forth in the Financial Agreement is hereby granted to the Entity, with respect to the Project for the term set forth in the Financial Agreement; provided that in no event shall the term of the Financial Agreement exceed the earlier of (i) thirty-five (35) years from the date of execution of the Financial Agreement or (ii) thirty (30) years from the Annual Service Charge Start Date, as said term is defined in the Financial Agreement, and only so long as the Entity remains subject to and in compliance with the Financial Agreement and the LTTE Law.

Section 6. The executed copy of the Financial Agreement shall be certified by and filed with the Office of the Borough Clerk. Further, the Clerk shall file certified copies of this ordinance and the Financial Agreement with the Tax Assessor of the Borough and the Director of the Division of Local Government Services with the Department of Community Affairs, in accordance with Section 12 of the LTTE Law. Further, the Borough Clerk shall, within ten (10) days of the later of (i) the effective date of this Ordinance, or (ii) execution of the Financial Agreement, transmit certificated copies of this Ordinance and the Financial Agreement to the chief financial officer of, and legal counsel for, Middlesex County, New Jersey.

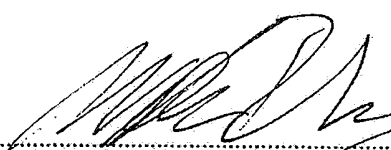
Section 7. The Project shall conform with all federal, state and Borough laws, ordinances, regulations, the Redevelopment Plan and the Redevelopment Agreement relating to its construction and use.


Section 8. The Entity shall, in the operation of the Project, comply with all laws so that no person of race, religious principles, color, national origin or ancestry will be subject to discrimination.

Section 9. Without limiting the terms of the Financial Agreement, the Entity shall submit Auditor's Reports to the Borough in accordance with Article V of the Financial Agreement.

Section 10. This ordinance shall take effect in accordance with all applicable laws.

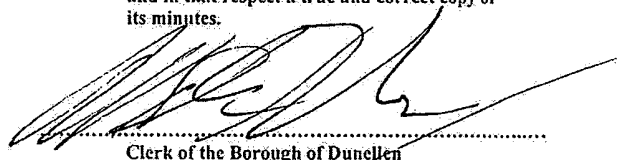
Approved 2/22/2022

  
.....  
Clerk of the Borough of Dunellen

  
.....  
Mayor of the Borough of Dunellen

I certify the foregoing to be a true and correct abstract of a resolution regularly passed at a meeting of the Common Council of the Borough of Dunellen, held

2/22/22  
.....  
and in that respect a true and correct copy of its minutes.

  
.....  
Clerk of the Borough of Dunellen

**EXHIBIT D**  
**Financial Plan Including Entity's Estimate of Total Project Cost**

[See PILOT Application]

[B025-0002/339946/4]  
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**EXHIBIT E**

**Form of Certification of Final Construction Cost of Project**

I, \_\_\_\_\_, do hereby certify the following:

1. I am the \_\_\_\_\_ of \_\_\_\_\_, the architect for the 150 North Ave Redevelopment Project.

2. To the extent that our firm has been involved in the design and construction of the 150 North Ave Redevelopment Project, and based upon those records and contracts that have been supplied to us by \_\_\_\_\_, we certify that the total construction cost for the above referenced project is \$ \_\_\_\_\_.

I hereby certify that the foregoing statements made by me are true to the best of my knowledge and belief. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.

Date: \_\_\_\_\_