

**Application for
Long Term Tax Exemption**

M&M AT RUTHERFORD URBAN RENEWAL COMPANY, LLC

Overview of application contents:

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

I. Instructions:

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

Important notes:

- 1) Certain documents required in this application must be prepared by qualified professionals other than the applicant. In particular, survey documents must be signed and sealed by a licensed surveyor, site plan documents must be signed and sealed by a professional engineer and detailed cost estimates must be certified by a licensed engineer or architect.
- 2) Under New Jersey law, applicants for long-term exemption must be organized as an Urban Renewal Entity as certified by the New Jersey Department of Community Affairs.
- 3) The application must be accompanied by a proposed form of financial agreement. Please ensure that the financial agreement attached to this application is appropriate to the type of project for which you are seeking an exemption.

Completed applications should be submitted to:

Frank Nunziato, Mayor
Borough of Rutherford
176 Park Avenue
Rutherford, NJ 07070

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

Kevin P. McManimon, Esq.
McManimon, Scotland & Baumann, LLC
75 Livingston Avenue, 2nd Floor
Roseland, NJ 07068
(973) 622-4869
kmcmanimon@msbnj.com

II. Developer Identification:

A. Name of Applicant:

M&M AT RUTHERFORD URBAN RENEWAL COMPANY, LLC, a limited liability company
formed under the laws of the State of New Jersey

B. Principal Address: 1260 Stelton Road, Piscataway, NJ 08854
160 Essex Street, Suite 200 • Lodi, NJ 07644

C. Type of Entity (check one)

Corporation LLC LLP Partnership Other (please specify)

D. Contact Information

1.) Name of Primary Contact: Joseph A. Marino, Manager

2.) Contact Numbers:

a. Phone: 973-779-7466

b. Fax: 973-779-0493 **c.**

Email: jmarino@jmpholdings.com

E. Name and Address of Statutory Agent:

Please list the name and address of the entity upon whom a legal process can be served:

Same as primary Contact

F. Federal Tax Identification Number:

83-1638791

G. Disclosure of Ownership:

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

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

H. Certificates of Incorporation and Approval:

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

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

I. Authorization to Submit Application:

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

III. Project Description:

A. Applicant's Ownership Interest in the Project:

Conventional (Fee Simple) Condominium

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

Residential; Retail; Office; Manufacturing; Distribution Facility; Hotel;

Other (Specify): _____

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

98 % Residential; 2 % Retail; % Office; % Manufacturing; % Distribution Facility;

% Hotel; % Other (specify here _____)

C. Marketing Expectation:

For Sale For Lease Both

D. Project Location:

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

Block 77, Lots 5, 6, 15 and 16, Block 78, Lots 1, 1.02, 2, 5, 7, 14, 16 and 18, and the Agnew Place right-of-way that separates Blocks 77 and 78

Use additional sheets if necessary

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

Block 77, Lots 5, 6, 15 and 16, Block 78, Lots 1, 1.02, 2, 5, 7, 14, 16 and 18, and the Agnew Place right-of-way that separates Blocks 77 and 78

Use additional sheets if necessary

3. Metes and Bounds Description:

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

4. Survey:

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

E. Deed or Lease Agreement:

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

F. Purpose of Project:

Please check all that apply:

1. This project is located within an officially designated "area in need of redevelopment."
 Yes No
2. This project is located within an Urban Enterprise Zone.
 Yes No
3. This Project is intended to provide housing to low and/or moderate income households:
 Yes No

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

Number of units for low income households 3
Number of units for moderate income households 18
Number of market rate units 140
Total number of residential units 140

Applicant has applied for the transfer of low and moderate income households units off-site and it is contemplated that the development will consist entirely of market rate units. If the affordable units are constructed on-site, the number of market rate units will be 119

4. This Project is intended to provide housing to households relocated as a result of a redevelopment project: Yes No
5. This Project is intended as a means to implement the objectives set forth in an adopted Redevelopment Plan: Yes No

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

There are no residential occupants anywhere within the redevelopment area that require relocation

H. Narrative Description of Project:

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

I. Current Conditions:

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

See attached Fiscal Impact Report dated April 13, 2021

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

Block	Lot	Current Tax Assessment	Current Real Property Tax Levy
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See attached Fiscal Impact Report dated April 13, 2021

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

Block	Lot	Current Status of Municipal Fees and Charges (specify type)
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See attached Fiscal Impact Report dated April 13, 2021

J. Site Plan Approval:

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

Not filed but pending.

K. Project Cost Estimates

1. Provide a detailed cost breakdown for the project, including both hard and soft costs. The estimate should be prepared by a licensed architect or engineer. Attach the completed estimate for the entire Project as Exhibit 11 of this application.
2. For each type of unit to be included within the Project, provide an estimate of the total unit cost for that unit. This may be provided at a summary level, not at the level set forth for the estimate required by section K.1 above. The estimate, if applicable, should also be prepared by a licensed architect or engineer. Attach the completed unit estimates as Exhibit 12 of this application.

Project construction costs are provided in the attached Fiscal Impact Report dated April 13, 2021

L. Project Pro-Forma:

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

M. Project Financing Plan:

1. Provide a detailed explanation of the expected method by which the project will be financed, indicating the amount of equity to be contributed and its source, all public loans and/or grants that are to be used and all private sources of capital. Attach this explanation as Exhibit 14 of this application.
2. Private Financing Commitments: Provide certified copies of any and all letters from public or private sources of capital indicating a commitment to make funds available for the project. Attach these letters as Exhibit 15 of this application.

The applicant shall finance the entire project through its own funding sources, including bank financing, and no public financing is contemplated for the construction of this project. If, under section 4.05(a)(iii) of the Redeveloper Agreement, affordable housing units are provided off-site, then it is contemplated that a third party with whom this Applicant has no connection with or control may apply for public financing through the issuance of tax credits, Such financing is not related to the acquisition or construction costs on this project.

N. Explanation of the Need for Tax Exemption:

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

O. Project Schedule:

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

Attached to Redeveloper Agreement.

P. Statement of Project Benefits:

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

IV. Exemption Information:

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

Annual Gross Revenue (Non-condominium) Project Cost

___ Imputed debt service (Condominium)

B. Term Requested:

___35___ Years from date of Redeveloper Agreement or 30 years from Certificate of Completion, whichever occurs earlier.

C. Proposed Rates and Phases:

<u>Starting Year</u>	<u>Ending Year</u>	<u>Rate</u>	<u>Phase-out (alternative method)</u>
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The applicant incorporates the specific rates and fees in for annual finance charges to be collected by the Borough as set forth in the Redeveloper Agreement.

D. Form of Financial Agreement:

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

Representations and Certifications:

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

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

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

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

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

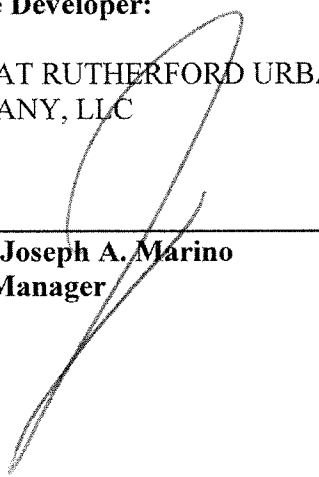
F. No officer or employee of the Municipality has any interest, directly or indirectly, in the project that is the subject of this application.

Signatures

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

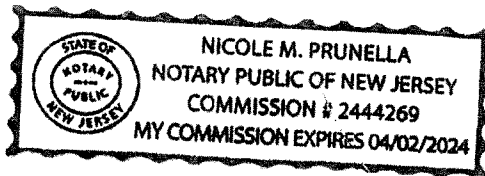
For the Developer:

M&M AT RUTHERFORD URBAN RENEWAL
COMPANY, LLC


Name: Joseph A. Marino
Title: Manager

Please notarize here or
provide attestation and
seal of corporate secretary





EXHIBITS

The following is a checklist of required exhibits that must be attached to the application (if applicable):

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

DISCLOSURE OF OWNERSHIP

Instructions:

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

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

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

DISCLOSURE OF OWNERSHIP
(for use by Partnerships)

[50%] JMP at Rutherford LLC
Manager Joseph A. Marino

Single member: Joseph A. Marino Family Trust, Joseph A. Marino, Trustee

[50%] JMS at Rutherford LLC
Managing Members Jack Morris and Sheryl Morris

Single member: The Morris Family Spray Trust
Trustees Jack and Sheryl Morris

DISCLOSURE OF OWNERSHIP
(for use by Corporations)

NOT APPLICABLE

I. Principals (list all owners of 10% or more of stock)

<u>Name</u>	<u>Home Address</u>	<u>Title</u>	<u>%Owned</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

By: _____
Name of Corporation
Signature of Officer Date

Attested by: _____
Secretary of Corporation Date

(Affix Corporate Seal)

CERTIFICATE OF INCORPORATION

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

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

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

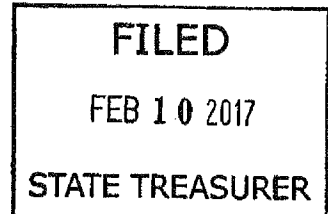


State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
101 SOUTH BROAD STREET
PO Box 805
TRENTON, NJ 08625-0805

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHARLES A. RICHMAN
Commissioner




TO: State Treasurer
RE: M&M AT RUTHERFORD URBAN RENEWAL COMPANY, LLC
File #1831
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 *30th* day of *January* 2017 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

BY


Edward M. Smith, Director
Division of Codes and Standards



CERTIFICATE OF FORMATION

OF

M&M AT RUTHERFORD URBAN RENEWAL COMPANY, LLC

FILED

FEB 10 2017

STATE TREASURER

**TO: Department of Treasury
State of New Jersey**

0600438951

The undersigned, of the age of eighteen (18) years or over, for the purpose of forming a Limited Liability Company pursuant to the provisions of the New Jersey Revised Uniform Limited Liability Company Act (NJSA 42:2C-1 et seq.) and the New Jersey Long Term Tax Exemption Law, as amended (P.L. 1991, C. 431 (NJSA 40A:20-1 et seq.)) does hereby execute this Certificate of Formation of **M&M AT RUTHERFORD URBAN RENEWAL COMPANY, LLC**:

FIRST: The name of the Limited Liability Company is "**M&M AT RUTHERFORD URBAN RENEWAL COMPANY, LLC**" (the "Company").

SECOND: The address of the Company's registered office in the State of New Jersey is 70 Grand Avenue, Suite 109, River Edge, New Jersey 07661. The name of the Company's registered agent at such address is Joseph A. Marino.

THIRD: (a) The purposes for which the Company is formed shall be to operate under the New Jersey Long Term Tax Exemption Law, as amended (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 Borough of Rutherford (the "Municipality"), to acquire, plan, develop, construct, alter, maintain or operate housing, senior citizen housing, business, industrial, commercial, administrative, community, health, recreational, educational or welfare projects, or any combination of two or more of these types of 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.)

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

(c) The Company has been organized and formed to serve a public purpose. The Company's 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 Company shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as the Company remains the owner of a project subject to P.L. 1991, c. 431 (C. 40A:20-1 et seq.).

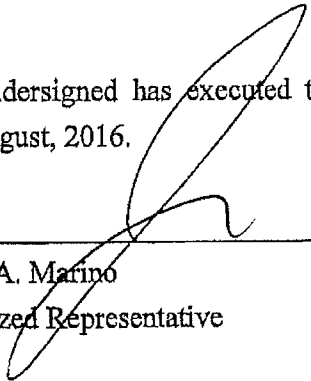
(d) The Company shall not voluntarily transfer more than ten (10%) percent of the ownership of the project or any portion thereof undertaken by it under P.L. 1991, c. 431 (C. 40A:20-1 et seq.), until it has first removed both itself and the project from all restrictions of P.L. 1991, c. 431 (C. 40A:20-1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

(e) The Company shall be subject to the provisions of Section 18 of P.L. 1991, c. 431 (C. 40A:20-1 et seq.) respecting the powers of the Municipality to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.

(f) Any housing units constructed or acquired by the Company shall be managed subject to the supervision of, and in accordance with rules adopted by, the New Jersey Commissioner of Community Affairs.

FOURTH: The effective date of this Certificate of Formation of the Company shall be the date of filing with the New Jersey Department of Treasury.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of the Company on this 11 day of August, 2016.



Joseph A. Marino
Authorized Representative

RESOLUTION AUTHORIZING SUBMISSION OF APPLICATION

Please attach a notarized resolution that follows the format below:

FORM OF CERTIFIED CORPORATE RESOLUTION

PLEASE TAKE NOTICE that a meeting of the Managers and Members of
M&M AT RUTHERFORD URBAN RENEWAL, LLC, a New Jersey limited liability company
held on July ___, 2021

at which time the following RESOLUTION was unanimously adopted:

RESOLVED that this Company is authorized to submit an application to the
Municipality for the provision of a long term tax exemption.

BE IT FURTHER RESOLVED that if this Company's application is accepted by
the Municipality, Joseph A. Marino, as its Manager, is authorized to execute and deliver on its
behalf, a contract with the Municipality, substantially in the form attached to the application, with such
changes thereto as may be negotiated by the parties.

The undersigned hereby certifies that the foregoing Resolution was lawfully adopted by the
Members on the date set forth above, that the foregoing Resolution is a true, accurate and complete copy
of the Resolution so adopted and placed in the Company's records, and that they are in full force and
effect as of the date hereof.



Joseph A. Marino, Manager
of M&M AT RUTHERFORD URBAN RENEWAL, LLC

Jack Morris, Manager
M&M AT RUTHERFORD URBAN RENEWAL, LLC

METES AND BOUNDS DESCRIPTION

SURVEY

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

COPY OF DEED, PURCHASE AND SALE AGREEMENT OR LEASE AGREEMENT

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

NARRATIVE DESCRIPTION OF PROJECT

Including the height and bulk of proposed improvements, type of construction materials to be used and expected square foot area of each proposed use. Describe each type of unit to be constructed as part of the project as well as any restrictions relating to age or income. Include maps, renderings, floor plans and other graphic materials if available.

SITE PLAN APPROVAL BY PLANNING BOARD

SITE PLAN APPROVAL RESOLUTION

TOTAL PROJECT COST ESTIMATE

Please fill out the form included below or attach a form substantially similar in its level of detail. This estimate must be certified by a licensed architect or engineer.

	Amount	<u>Amount Per Square Foot</u>
Land Costs		
Construction Costs		
Demolition		
Site Remediation Costs		
Building Construction		
Parking Construction		
Site work and Landscaping		
Other Construction Costs		
Total Hard Costs		
Soft Costs	Amount	% of Hard Costs
Architects and Engineers		
Legal Fees		
Commissions		
Construction Financing Costs		
Project Management Fees		
Developer Overhead		
Taxes (during construction period)		
Insurance		
Other Soft Costs		
Total Soft Costs		
Contingency		
Total Development Costs		

Exhibit 11

	Amount	<u>Amount Per Net Square Foot</u>
Land Costs	\$ 5,279,842.00	
Construction Costs		
Building and Site Demolition	\$ 643,389.88	\$ 4.43
Site Remediation Costs	\$ 289,570.00	\$ 1.99
Building Construction	\$ 32,112,771.33	\$ 221.12
Parking Construction	w/Bldg Construction	
Site work and Landscaping	\$ 899,182.67	\$ 6.19
General Conditions	\$ 2,155,240.00	\$ 14.84
Contractor's Management Fee	\$ 1,444,006.16	\$ 9.94
Contractor's Insurance	\$ 375,441.60	\$ 2.59
Other Construction Costs	\$ -	
Total Hard Costs	\$ 37,919,601.64	\$ 261.10
Soft Costs	Amount	% of Hard Costs
Architects and Engineers	\$ 855,000.00	2.25%
Legal Fees	\$ 400,000.00	1.05%
Commissions	\$ -	0.00%
Construction Financing Costs	\$ 2,039,273.61	5.38%
Project Management Fees		0.00%
Developer Overhead	\$ 1,444,006.16	3.81%
Taxes (during construction period)	\$ 385,265.79	1.02%
Insurance	\$ -	0.00%
Other Soft Costs	\$ 4,641,532.50	12.24%
Total Soft Costs	\$ 9,765,078.05	
Soft Cost Contingency	\$ 247,562.30	0.65%
Hard Cost Contingency	\$ 1,629,633.19	\$ 11.22
Total Development Costs	\$ 54,841,717.18	\$ 377.62

COST ESTIMATE FOR EACH UNIT TYPE

Attach a summary of the estimated total costs for each unit, broken down by type of unit. This information can be presented in summary form, not at the level of detail required in Exhibit 11. However, this estimate must also be certified by a licensed architect or engineer.

Residences at Rutherford
Rutherford, NJ
Development Cost Per Unit Type
Exhibit 12

Net Sq Ft Total 145,230
Total Development Cost \$ 54,841,717
Cost per Net SF \$ 377.62

Unit Types	Qty	Unit Type Net SF	Total Unit Type Net SF	Cost per Unit Type	Total Cost per Unit Type
One Bedroom Unit Types					
1A	3	745	2,235	\$ 281,326.72	\$ 843,980.15
1B	3	750	2,250	\$ 283,214.82	\$ 849,644.45
1C	6	795	4,770	\$ 300,207.71	\$ 1,801,246.24
1D	18	805	14,490	\$ 303,983.90	\$ 5,471,710.27
1E	1	825	825	\$ 311,536.30	\$ 311,536.30
1F	1	840	840	\$ 317,200.60	\$ 317,200.60
1G	9	845	7,605	\$ 319,088.69	\$ 2,871,798.25
1H	28	860	24,080	\$ 324,752.99	\$ 9,093,083.73
1I	4	875	3,500	\$ 330,417.29	\$ 1,321,669.15
1J	1	960	960	\$ 362,514.97	\$ 362,514.97
Two Bedroom Unit Types					
2A	3	1,070	3,210	\$ 404,053.14	\$ 1,212,159.42
2B	3	1,155	3,465	\$ 436,150.82	\$ 1,308,452.46
2C	8	1,170	9,360	\$ 441,815.11	\$ 3,534,520.92
2D	1	1,175	1,175	\$ 443,703.21	\$ 443,703.21
2E	1	1,195	1,195	\$ 451,255.61	\$ 451,255.61
2F	16	1,245	19,920	\$ 470,136.60	\$ 7,522,185.54
2G	16	1,255	20,080	\$ 473,912.79	\$ 7,582,604.70
2H	1	1,260	1,260	\$ 475,800.89	\$ 475,800.89
2I	3	1,310	3,930	\$ 494,681.88	\$ 1,484,045.64
2J	1	1,365	1,365	\$ 515,450.97	\$ 515,450.97
2K	6	1,370	8,220	\$ 517,339.07	\$ 3,104,034.40
2L	1	1,435	1,435	\$ 541,884.35	\$ 541,884.35
2M	3	1,470	4,410	\$ 555,101.04	\$ 1,665,303.12
2N	3	1,550	4,650	\$ 585,310.62	\$ 1,755,931.87
Total	140		145,230		\$ 54,841,717.18

PROJECT PRO FORMA

M&M at Rutherford Urban Renewal									
Unit Detail by Type - Utilizing "2021-07-19 MHS 6 Story Option at Rutherford, NJ" file									
Floor	Description	# of units	% of units	Square Footage	Total Square Footage	Monthly Rent	Annual Rent	Price PSF	
2	1 Bedroom	1	0.7%	825	825	\$ 2,310	\$ 27,720	\$ 2.80	
2	1 Bedroom	1	0.7%	840	840	\$ 2,310	\$ 27,720	\$ 2.75	
2	1 Bedroom	4	2.9%	860	3,440	\$ 2,310	\$ 110,880	\$ 2.69	
2	2 Bedroom	1	0.7%	1,245	1,245	\$ 3,045	\$ 36,540	\$ 2.45	
2	2 Bedroom	1	0.7%	1,260	1,260	\$ 3,045	\$ 36,540	\$ 2.42	
3	1 Bedroom	6	4.3%	805	4,830	\$ 2,205	\$ 158,760	\$ 2.74	
3	1 Bedroom	6	4.3%	860	5,160	\$ 2,310	\$ 166,320	\$ 2.69	
3	1 Bedroom	1	0.7%	875	875	\$ 2,363	\$ 28,350	\$ 2.70	
3	1 Bedroom	1	0.7%	960	960	\$ 2,520	\$ 30,240	\$ 2.63	
3	2 Bedroom	2	1.4%	1,170	2,340	\$ 2,835	\$ 68,040	\$ 2.42	
3	2 Bedroom	1	0.7%	1,175	1,175	\$ 2,835	\$ 34,020	\$ 2.41	
3	2 Bedroom	1	0.7%	1,195	1,195	\$ 2,835	\$ 34,020	\$ 2.37	
3	2 Bedroom	3	2.1%	1,245	3,735	\$ 3,045	\$ 109,620	\$ 2.45	
3	2 Bedroom	4	2.9%	1,255	5,020	\$ 3,045	\$ 146,160	\$ 2.43	
3	2 Bedroom	1	0.7%	1,365	1,365	\$ 3,255	\$ 39,060	\$ 2.38	
3	2 Bedroom	1	0.7%	1,435	1,435	\$ 3,465	\$ 41,580	\$ 2.41	
4	1 Bedroom	1	0.7%	745	745	\$ 2,100	\$ 25,200	\$ 2.82	
4	1 Bedroom	1	0.7%	750	750	\$ 2,100	\$ 25,200	\$ 2.80	
4	1 Bedroom	2	1.4%	795	1,590	\$ 2,205	\$ 52,920	\$ 2.77	
4	1 Bedroom	4	2.9%	805	3,220	\$ 2,205	\$ 105,840	\$ 2.74	
4	1 Bedroom	3	2.1%	845	2,535	\$ 2,310	\$ 83,160	\$ 2.73	
4	1 Bedroom	6	4.3%	860	5,160	\$ 2,310	\$ 166,320	\$ 2.69	
4	1 Bedroom	1	0.7%	875	875	\$ 2,363	\$ 28,350	\$ 2.70	
4	2 Bedroom	1	0.7%	1,070	1,070	\$ 2,678	\$ 32,130	\$ 2.50	
4	2 Bedroom	1	0.7%	1,155	1,155	\$ 2,835	\$ 34,020	\$ 2.45	
4	2 Bedroom	2	1.4%	1,170	2,340	\$ 2,835	\$ 68,040	\$ 2.42	
4	2 Bedroom	4	2.9%	1,245	4,980	\$ 3,045	\$ 146,160	\$ 2.45	
4	2 Bedroom	4	2.9%	1,255	5,020	\$ 3,045	\$ 146,160	\$ 2.43	
4	2 Bedroom	1	0.7%	1,310	1,310	\$ 3,150	\$ 37,800	\$ 2.40	
4	2 Bedroom	2	1.4%	1,370	2,740	\$ 3,255	\$ 78,120	\$ 2.38	
4	2 Bedroom	1	0.7%	1,470	1,470	\$ 3,465	\$ 41,580	\$ 2.36	

M&M at Rutherford Urban Renewal									
Unit Detail by Type - Utilizing "2021-07-19 MHS 6 Story Option at Rutherford, NJ" file									
Floor	Description	# of units	% of units	Square Footage	Total Square Footage	Monthly Rent	Annual Rent	Price PSF	
4	2 Bedroom	1	0.7%	1,550	1,550	\$ 3,520	\$ 42,240	\$ 2.27	
5	1 Bedroom	1	0.7%	745	745	\$ 2,100	\$ 25,200	\$ 2.82	
5	1 Bedroom	1	0.7%	750	750	\$ 2,100	\$ 25,200	\$ 2.80	
5	1 Bedroom	2	1.4%	795	1,590	\$ 2,205	\$ 52,920	\$ 2.77	
5	1 Bedroom	4	2.9%	805	3,220	\$ 2,205	\$ 105,840	\$ 2.74	
5	1 Bedroom	3	2.1%	845	2,535	\$ 2,310	\$ 83,160	\$ 2.73	
5	1 Bedroom	6	4.3%	860	5,160	\$ 2,310	\$ 166,320	\$ 2.69	
5	1 Bedroom	1	0.7%	875	875	\$ 2,363	\$ 28,350	\$ 2.70	
5	2 Bedroom	1	0.7%	1,070	1,070	\$ 2,678	\$ 32,130	\$ 2.50	
5	2 Bedroom	1	0.7%	1,155	1,155	\$ 2,835	\$ 34,020	\$ 2.45	
5	2 Bedroom	2	1.4%	1,170	2,340	\$ 2,835	\$ 68,040	\$ 2.42	
5	2 Bedroom	4	2.9%	1,245	4,980	\$ 3,045	\$ 146,160	\$ 2.45	
5	2 Bedroom	4	2.9%	1,255	5,020	\$ 3,045	\$ 146,160	\$ 2.43	
5	2 Bedroom	1	0.7%	1,310	1,310	\$ 3,150	\$ 37,800	\$ 2.40	
5	2 Bedroom	2	1.4%	1,370	2,740	\$ 3,255	\$ 78,120	\$ 2.38	
5	2 Bedroom	1	0.7%	1,470	1,470	\$ 3,465	\$ 41,580	\$ 2.36	
5	2 Bedroom	1	0.7%	1,550	1,550	\$ 3,520	\$ 42,240	\$ 2.27	
6	1 Bedroom	1	0.7%	745	745	\$ 2,100	\$ 25,200	\$ 2.82	
6	1 Bedroom	1	0.7%	750	750	\$ 2,100	\$ 25,200	\$ 2.80	
6	1 Bedroom	2	1.4%	795	1,590	\$ 2,205	\$ 52,920	\$ 2.77	
6	1 Bedroom	4	2.9%	805	3,220	\$ 2,205	\$ 105,840	\$ 2.74	
6	1 Bedroom	3	2.1%	845	2,535	\$ 2,310	\$ 83,160	\$ 2.73	
6	1 Bedroom	6	4.3%	860	5,160	\$ 2,310	\$ 166,320	\$ 2.69	
6	1 Bedroom	1	0.7%	875	875	\$ 2,363	\$ 28,350	\$ 2.70	
6	2 Bedroom	1	0.7%	1,070	1,070	\$ 2,678	\$ 32,130	\$ 2.50	
6	2 Bedroom	1	0.7%	1,155	1,155	\$ 2,835	\$ 34,020	\$ 2.45	
6	2 Bedroom	2	1.4%	1,170	2,340	\$ 2,835	\$ 68,040	\$ 2.42	
6	2 Bedroom	4	2.9%	1,245	4,980	\$ 3,045	\$ 146,160	\$ 2.45	
6	2 Bedroom	4	2.9%	1,255	5,020	\$ 3,045	\$ 146,160	\$ 2.43	
6	2 Bedroom	1	0.7%	1,310	1,310	\$ 3,150	\$ 37,800	\$ 2.40	
6	2 Bedroom	2	1.4%	1,370	2,740	\$ 3,255	\$ 78,120	\$ 2.38	

M&M at Rutherford Urban Renewal									
Unit Detail by Type - Utilizing "2021-07-19 MHS 6 Story Option at Rutherford, NJ" file									
Floor	Description	# of units	% of units	Square Footage	Total Square Footage	Monthly Rent	Annual Rent	Price PSF	
6	2 Bedroom	1	0.7%	1,470	1,470	\$ 3,465	\$ 41,580	\$ 2.36	
6	2 Bedroom	1	0.7%	1,550	1,550	\$ 3,520	\$ 42,240	\$ 2.27	
		140	100.0%		145,230		\$ 4,435,290.00		

M&M at Rutherford Urban Renewal		
Other Income Detail		
32 Union Avenue - 140 Units		
Description	Annual Amount	
Amenity Fees	\$ 84,000	
Application Fees	\$ 18,000	
Attorney's Fees	\$ 5,000	
Bad Debt Recovery	\$ 2,500	
Cleaning Fees	\$ 3,220	
Key Replacement Fees	\$ 1,540	
Late Fees	\$ 5,544	
Miscellaneous Rental Income	\$ 500	
NSF Fees	\$ 600	
Parking Fees	\$ 201,600	
Pet Fees & Pet Rent	\$ 23,100	
Renters Insurance	\$ 2,800	
Repainting Fee	\$ 280	
Storage Fee	\$ 5,600	
Termination Fees	\$ 10,560	
Transfer Fees	\$ 1,000	
Holdover Tenant Income	\$ 420	
	\$ 366,264	

M&M at Rutherford Urban Renewal		
Operating Expenses Detail		
32 Union Avenue - 140 Units		
Description	Annual Amount	Amount per unit
Total Payroll	\$ 412,906	\$ 2,949
Total Administrative	\$ 35,375	\$ 253
Total Marketing & Retention	\$ 60,717	\$ 434
Total Repairs & Maintenance	\$ 44,785	\$ 320
Total Building Contract Services	\$ 166,538	\$ 1,190
Total Turnover Maintenance	\$ 45,653	\$ 326
Total Utilities	\$ 126,785	\$ 906
Total Trash/Recycling	\$ 17,308	\$ 124
Total Real Estate Taxes	\$ 614,970	\$ 4,393
Total Management Fees	\$ 137,394	\$ 981
Total Insurance	\$ 54,330	\$ 388
	\$ 1,716,760	\$ 12,263

Residential Property 30 Year PILOT Income Statement
M&M at Rutherford Urban Renewal

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Gross Potential Rental Income	\$ 4,435,290	\$ 4,568,349	\$ 4,705,399	\$ 4,846,561	\$ 4,991,958	\$ 5,141,717	\$ 5,295,968	\$ 5,454,847	\$ 5,618,493	\$ 5,787,047
Vacancy	(221,765)	(228,417)	(235,270)	(242,328)	(249,598)	(257,086)	(264,798)	(272,742)	(280,925)	(289,352)
Other Income	\$ 366,264	\$ 377,252	\$ 388,570	\$ 400,227	\$ 412,234	\$ 424,601	\$ 437,339	\$ 450,459	\$ 463,973	\$ 477,892
Total Revenue	\$ 4,579,790	\$ 4,717,184	\$ 4,858,699	\$ 5,004,460	\$ 5,154,594	\$ 5,309,232	\$ 5,468,509	\$ 5,632,564	\$ 5,801,541	\$ 5,975,587
Tax Abatement Annual Service Charge	\$ 421,353	\$ 433,993	\$ 447,013	\$ 460,423	\$ 474,236	\$ 488,463	\$ 503,117	\$ 518,210	\$ 533,757	\$ 549,770
Payroll	\$ 412,906	\$ 425,293	\$ 438,052	\$ 451,194	\$ 464,729	\$ 478,671	\$ 493,031	\$ 507,822	\$ 523,057	\$ 538,749
Administrative	\$ 35,375	\$ 36,436	\$ 37,530	\$ 38,655	\$ 39,815	\$ 41,010	\$ 42,240	\$ 43,507	\$ 44,812	\$ 46,157
Marketing & Retention	\$ 60,717	\$ 62,538	\$ 64,414	\$ 66,347	\$ 68,337	\$ 70,387	\$ 72,499	\$ 74,674	\$ 76,914	\$ 79,221
Repairs & Maintenance	\$ 44,785	\$ 46,128	\$ 47,512	\$ 48,937	\$ 50,405	\$ 51,918	\$ 53,475	\$ 55,079	\$ 56,732	\$ 58,434
Building Contract Services	\$ 166,538	\$ 171,535	\$ 176,681	\$ 181,981	\$ 187,440	\$ 193,064	\$ 198,856	\$ 204,821	\$ 210,966	\$ 217,295
Turnover Maintenance	\$ 45,653	\$ 47,022	\$ 48,433	\$ 49,886	\$ 51,382	\$ 52,924	\$ 54,512	\$ 56,147	\$ 57,831	\$ 59,566
Utilities	\$ 126,785	\$ 130,589	\$ 134,507	\$ 138,542	\$ 142,698	\$ 146,979	\$ 151,388	\$ 155,930	\$ 160,608	\$ 165,426
Trash/Recycling	\$ 17,308	\$ 17,827	\$ 18,362	\$ 18,913	\$ 19,481	\$ 20,065	\$ 20,667	\$ 21,287	\$ 21,926	\$ 22,583
Management Fees	\$ 137,394	\$ 141,516	\$ 145,761	\$ 150,134	\$ 154,638	\$ 159,277	\$ 164,055	\$ 168,977	\$ 174,046	\$ 179,268
Insurance	\$ 54,330	\$ 55,960	\$ 57,638	\$ 59,368	\$ 61,149	\$ 62,983	\$ 64,873	\$ 66,819	\$ 68,823	\$ 70,888
Total Operating Expenses	\$ 1,523,143	\$ 1,568,837	\$ 1,615,902	\$ 1,664,380	\$ 1,714,311	\$ 1,765,740	\$ 1,818,712	\$ 1,873,274	\$ 1,929,472	\$ 1,987,356
Net Operating Income	\$ 3,056,647	\$ 3,148,346	\$ 3,242,797	\$ 3,340,080	\$ 3,440,283	\$ 3,543,491	\$ 3,649,796	\$ 3,759,290	\$ 3,872,069	\$ 3,988,231

Assumptions used:

- 2024 First fully stabilized year
- 3% Annual rent and other income increases each year
- 5% Annual vacancy loss factor
- 10% "Tax Abatement Annual Service Charge" line item
- 3% Annual operating expenses increase

**Residential Property 30 Year PILOT Income Statement
M&M at Rutherford Urban Renewal**

Description	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Gross Potential Rental Income	\$ 5,960,659	\$ 6,139,479	\$ 6,323,663	\$ 6,513,373	\$ 6,708,774	\$ 6,910,037	\$ 7,117,338	\$ 7,330,859	\$ 7,550,784	\$ 7,777,308
Vacancy	\$ (298,033)	\$ (306,974)	\$ (316,183)	\$ (325,669)	\$ (335,439)	\$ (345,502)	\$ (355,867)	\$ (366,543)	\$ (377,539)	\$ (388,865)
Other Income	\$ 492,229	\$ 506,995	\$ 522,205	\$ 537,872	\$ 554,008	\$ 570,628	\$ 587,747	\$ 605,379	\$ 623,540	\$ 642,247
Total Revenue	\$ 6,154,855	\$ 6,339,500	\$ 6,529,685	\$ 6,725,576	\$ 6,927,343	\$ 7,135,163	\$ 7,349,218	\$ 7,569,695	\$ 7,796,786	\$ 8,030,689
Tax Abatement Annual Service Charge	\$ 566,263	\$ 583,250	\$ 600,748	\$ 618,770	\$ 637,334	\$ 656,454	\$ 676,147	\$ 696,432	\$ 717,325	\$ 738,844
Payroll	\$ 554,911	\$ 571,558	\$ 588,705	\$ 606,366	\$ 624,557	\$ 643,294	\$ 662,593	\$ 682,471	\$ 702,945	\$ 724,033
Administrative	\$ 47,541	\$ 48,968	\$ 50,437	\$ 51,950	\$ 53,508	\$ 55,113	\$ 56,767	\$ 58,470	\$ 60,224	\$ 62,031
Marketing & Retention	\$ 1,598	\$ 84,046	\$ 86,567	\$ 89,164	\$ 91,839	\$ 94,594	\$ 97,432	\$ 100,355	\$ 103,366	\$ 106,467
Repairs & Maintenance	\$ 60,187	\$ 61,992	\$ 63,852	\$ 65,768	\$ 67,741	\$ 69,773	\$ 71,866	\$ 74,022	\$ 76,243	\$ 78,530
Building Contract Services	\$ 223,814	\$ 230,528	\$ 237,444	\$ 244,567	\$ 251,904	\$ 259,461	\$ 267,245	\$ 275,263	\$ 283,520	\$ 292,026
Turnover Maintenance	\$ 61,353	\$ 63,194	\$ 65,090	\$ 67,042	\$ 69,054	\$ 71,125	\$ 73,259	\$ 75,457	\$ 77,720	\$ 80,052
Utilities	\$ 170,389	\$ 175,501	\$ 180,766	\$ 186,189	\$ 191,774	\$ 197,528	\$ 203,453	\$ 209,557	\$ 215,844	\$ 222,319
Trash/Recycling	\$ 23,261	\$ 23,959	\$ 24,677	\$ 25,418	\$ 26,180	\$ 26,966	\$ 27,775	\$ 28,608	\$ 29,466	\$ 30,350
Management Fees	\$ 184,646	\$ 190,185	\$ 195,891	\$ 201,767	\$ 207,820	\$ 214,055	\$ 220,477	\$ 227,091	\$ 233,904	\$ 240,921
Insurance	\$ 73,015	\$ 75,205	\$ 77,461	\$ 79,785	\$ 82,179	\$ 84,644	\$ 87,183	\$ 89,799	\$ 92,493	\$ 95,268
Total Operating Expenses	\$ 2,046,977	\$ 2,108,386	\$ 2,171,638	\$ 2,236,787	\$ 2,303,891	\$ 2,373,007	\$ 2,444,197	\$ 2,517,523	\$ 2,593,049	\$ 2,670,841
Net Operating Income	\$ 4,107,878	\$ 4,231,114	\$ 4,358,047	\$ 4,488,789	\$ 4,623,453	\$ 4,762,156	\$ 4,905,021	\$ 5,052,171	\$ 5,203,737	\$ 5,359,849

Assumptions used:

- 2024 First fully stabilized year
- 3% Annual rent and other income increases each year
- 5% Annual vacancy loss factor
- 10% "Tax Abatement Annual Service Charge" line item
- 3% Annual operating expenses increase

**Residential Property 30 Year PILOT Income Statement
M&M at Rutherford Urban Renewal**

Description	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Gross Potential Rental Income	\$ 8,010,627	\$ 8,250,946	\$ 8,498,474	\$ 8,753,429	\$ 9,016,031	\$ 9,286,512	\$ 9,565,108	\$ 9,852,061	\$ 10,147,623	\$ 10,452,051
Vacancy	\$ (400,531)	\$ (412,547)	\$ (424,924)	\$ (437,671)	\$ (450,802)	\$ (464,326)	\$ (478,255)	\$ (492,603)	\$ (507,381)	\$ (522,603)
Other Income	\$ 661,514	\$ 681,360	\$ 701,800	\$ 722,854	\$ 744,540	\$ 766,876	\$ 789,882	\$ 813,579	\$ 837,986	\$ 863,126
Total Revenue	\$ 8,271,610	\$ 8,519,758	\$ 8,775,351	\$ 9,038,611	\$ 9,309,770	\$ 9,589,063	\$ 9,876,735	\$ 10,173,037	\$ 10,478,228	\$ 10,792,575
Tax Abatement Annual Service Charge	\$ 761,010	\$ 783,840	\$ 807,355	\$ 831,576	\$ 856,523	\$ 882,219	\$ 908,685	\$ 935,946	\$ 964,024	\$ 992,945
Payroll	\$ 745,754	\$ 768,127	\$ 791,171	\$ 814,906	\$ 839,353	\$ 864,533	\$ 890,469	\$ 917,184	\$ 944,699	\$ 973,040
Administrative	\$ 63,892	\$ 65,808	\$ 67,783	\$ 69,816	\$ 71,910	\$ 74,068	\$ 76,290	\$ 78,579	\$ 80,936	\$ 83,364
Marketing & Retention	\$ 109,661	\$ 112,951	\$ 116,339	\$ 119,829	\$ 123,424	\$ 127,127	\$ 130,941	\$ 134,869	\$ 138,915	\$ 143,083
Repairs & Maintenance	\$ 80,886	\$ 83,313	\$ 85,812	\$ 88,386	\$ 91,038	\$ 93,769	\$ 96,582	\$ 99,480	\$ 102,464	\$ 105,538
Building Contract Services	\$ 300,787	\$ 309,810	\$ 319,105	\$ 328,678	\$ 338,538	\$ 348,694	\$ 359,155	\$ 369,930	\$ 381,028	\$ 392,459
Turnover Maintenance	\$ 82,454	\$ 84,927	\$ 87,475	\$ 90,099	\$ 92,802	\$ 95,586	\$ 98,454	\$ 101,408	\$ 104,450	\$ 107,583
Utilities	\$ 228,989	\$ 235,858	\$ 242,934	\$ 250,222	\$ 257,729	\$ 265,460	\$ 273,424	\$ 281,627	\$ 290,076	\$ 298,778
Trash/Recycling	\$ 31,261	\$ 32,198	\$ 33,164	\$ 34,159	\$ 35,184	\$ 36,240	\$ 37,327	\$ 38,447	\$ 39,600	\$ 40,788
Management Fees	\$ 248,148	\$ 255,593	\$ 263,261	\$ 271,158	\$ 279,293	\$ 287,672	\$ 296,302	\$ 305,191	\$ 314,347	\$ 323,777
Insurance	\$ 98,126	\$ 101,069	\$ 104,102	\$ 107,225	\$ 110,441	\$ 113,755	\$ 117,167	\$ 120,682	\$ 124,303	\$ 128,032
Total Operating Expenses	\$ 2,750,966	\$ 2,833,495	\$ 2,918,500	\$ 3,006,055	\$ 3,096,236	\$ 3,189,123	\$ 3,284,797	\$ 3,383,341	\$ 3,484,841	\$ 3,589,386
Net Operating Income	\$ 5,520,644	\$ 5,686,263	\$ 5,856,851	\$ 6,032,557	\$ 6,213,534	\$ 6,399,940	\$ 6,591,938	\$ 6,789,696	\$ 6,993,387	\$ 7,203,188

Assumptions used:

- 2024 First fully stabilized year
- 3% Annual rent and other income increases each year
- 5% Annual vacancy loss factor
- 10% "Tax Abatement Annual Service Charge" line item
- 3% Annual operating expenses increase

Agnew Development True Value Calculations Based On Equalized Assessed Values

Table of True value based on Equalized values

2021 Rutherford Published Tax Ratio Equals 86.12

<u>Block</u>	<u>Lot</u>	<u>Land</u>	<u>Improvement</u>	<u>Total</u>	<u>Ratio</u>	<u>Equalized</u>
77	6	\$ 226,400		\$ 226,400	0.8612	262,889
	15	\$ 238,200		\$ 238,200	0.8612	276,591
	16	\$ 479,100		\$ 479,100	0.8612	556,317
	5	\$ 229,600		\$ 229,600	0.8612	266,605
78	18	\$ 264,400	\$ 54,200	\$ 318,600	0.8612	369,949
	16	\$ 286,700	\$ 162,700	\$ 449,400	0.8612	521,830
	14	\$ 221,300	\$ 72,500	\$ 293,800	0.8612	341,152
	2	\$ 512,100	\$ 333,900	\$ 846,000	0.8612	982,350
	1.01	\$ 16,400		\$ 16,400	0.8612	19,043
	1	\$ 190,600	\$ 31,100	\$ 221,700	0.8612	257,431
	5	\$ 188,600	\$ 5,000	\$ 193,600	0.8612	224,803
	7	\$ 377,700	\$ 656,500	\$ 1,034,200	0.8612	1,200,882
		<u>\$ 3,231,100</u>	<u>\$ 1,315,900</u>	<u>\$ 4,547,000</u>		<u>\$ 5,279,842</u>

PROJECT FINANCING PLAN

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

The Redeveloper does not anticipate using public loans or grants to complete the Project.

The estimated Project costs will be funded with the Redeveloper's 25% equity contribution and 75% from conventional construction loan financing. The Redeveloper's principals have developed several projects of this mixed-use type and has a stable of lenders that have provided construction and permanent financing on similarly sized projects.

The construction loan typically consists of an "A" note for land, site and soft costs and a "B" note for vertical building hard costs.

Developer Equity:	\$ _____ +/-
Construction/Perm Financing:	<u>\$ _____ +/-</u>
Total:	\$ _____ +/-

PRIVATE FINANCING COMMITMENTS

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

EXPLANATION OF NEED FOR TAX EXEMPTION

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

Over a projected 30 year span, the Project loses money without a PILOT, rendering the Project unfeasible. See the attached Fiscal Impact Statement dated April 13, 2021.

PROJECT SCHEDULE

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

SUMMARY OF PROJECT BENEFITS

Attach a summary of all the public benefits associated with this project, including, at a minimum, the number and type of construction jobs anticipated, the number and type of permanent jobs to be created and the amount of municipal revenue to be generated by the project through the payment of taxes, payments in lieu of taxes, water and sewer fees and any other municipal payments.

Construction: During construction, the Project will employ hundreds of tradespersons at any one time, including concrete contractors, framers, roofers, electricians, plumbers and HVAC contractors. Additionally, the tradespeople will be using and visiting local businesses, further adding to the economic benefit of the Project.

Post Construction: Upon completion, the project is expected to bring more than ___ new residents that will need services and products and they will solicit area businesses and restaurants. To support and manage the Project, the Property is expected to employ one (1) leasing manager, two (2) leasing agents, one (1) superintendent and two to three (2-3) maintenance personnel. See the attached Fiscal Impact Statement dated April 13, 2021, for the financial benefits to the municipality.

FISCAL IMPACT ANALYSIS
PROPOSED MIXED-USE REDEVELOPMENT
IN THE
BOROUGH OF RUTHERFORD
BERGEN COUNTY, NEW JERSEY

draft

for discussion only
April 13, 2021

FISCAL IMPACT ANALYSIS
FOR A
PROPOSED MIXED-USE REDEVELOPMENT
IN THE
BOROUGH OF RUTHERFORD
BERGEN COUNTY, NEW JERSEY

Richard B. Reading Associates
Princeton, New Jersey

April 13, 2021

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Proposed Mixed-Use Redevelopment in the Borough of Rutherford

- The development that is the subject of this evaluation involves the proposal by M & M Realty Partners for the construction and occupancy of a transit oriented, mixed-use redevelopment located along Union Avenue at its intersection with West Erie Avenue and within 500 feet of the Rutherford railroad station in the central portion of the Borough of Rutherford.
- The current concept plans that have been prepared indicate that the proposed redevelopment will contain a total of 2,205 square feet of commercial (retail) space and 140 multi-family residential units, located in a mid-rise, elevator serviced building with structured parking facilities. The ground floor commercial space will be leased to retail tenants at an annual net lease rate of \$20.00 per square foot. The 140 housing units are comprised of 77 one-bedroom units with an average monthly rent of \$2,040 and 63 two-bedroom units with an average monthly rent of \$2,650.
- The completed mixed-use redevelopment, with 6 employees and 251 anticipated residents, would have allocated municipal service costs of \$179,930 had it been completed and occupied during 2019. Based upon the mixture and type of housing units within the residential component of the mixed-use plan, and using an average of the updated CUPR and TOD demographic multipliers, the 140 one- and two bedroom rental apartments would be estimated to generate 4 public school children for the Rutherford Borough School District.
- The proposed development is within an area in need of redevelopment and the redeveloper is requesting long term (30-year) tax exemption pursuant to N.J.S.A. 40A:20-1 et seq. (“Long Term Tax Exemption Law”). Under the terms of a proposed Financial Agreement, the mixed-use redevelopment containing 2,205 square feet of retail space and 140 apartments would pay an Annual Service Charge equal to ten percent of the Annual Gross Revenues. The total annual payments that the Borough would receive, which include Annual Service Charges and Administrative Fees, amount to \$361,289.
- The annual revenues generated exclusively for the Borough of Rutherford with the proposed tax exemption (\$361,289) are 8.81 times the property tax revenues of \$41,012 that the Borough currently receives from the properties to be redeveloped, are 1.48 times the annual property tax revenues of \$243,638 that the Borough would receive with ordinary taxes and are 2.01 times the allocated municipal service costs of \$179,930, resulting in an annual revenue surplus of \$181,359 for municipal operations. The annual municipal revenues with the proposed tax exemption, which amount to \$361,289, would also exceed the combined municipal and school district costs of \$245,650 to yield a net revenue surplus of \$115,639.
- With Ordinary Applicable Taxes, the Borough of Rutherford would retain 31.5 percent of the total revenues generated by the proposed redevelopment. The utilization of the provisions for tax-exemption would provide the Borough with 94.8 percent of the total annual revenues generated, and yield annual payments to the Borough totaling \$361,289.

INTRODUCTION

The ensuing evaluation has been undertaken at the request of M & M Realty Partners in order to provide an examination of the anticipated impact of a proposed mixed-use, transit-oriented redevelopment upon the economic base and the fiscal infrastructure that exists in the Borough of Rutherford in Bergen County, New Jersey. The initial section of this evaluation presents a historical profile of the Borough's residential and non-residential growth trends and documents the manner in which the Borough generates and distributes municipal revenues and school district revenues. The findings of the fiscal profile are reviewed from a historical, as well as a present, perspective.

The second phase of the research undertaken involves a statistical analysis of the anticipated fiscal and economic effects that would be expected to result from the redevelopment of a tract of land situated along Union Avenue at its intersection with West Erie Avenue approximately 500 feet to the north of the Rutherford railroad station. The data and evaluations contained on the following pages describe the nature and magnitude of the development plan, considers the available infrastructure of the community, and calculates the need for services resulting from the development.

The research and analysis undertaken herein is intended to provide information whereby changes in services and facilities necessitated by the proposed development can be accomplished smoothly, with foresight, and without interruption of existing operations. Of particular concern in the following evaluation is detailed information pertaining to:

- a) the economic and demographic composition of the Borough of Rutherford, including historic and current levels of housing, population, employment, and school enrollments;
- b) the residential and non-residential ratable bases of Rutherford, the changes occurring in each during recent years, and the effective tax rate of the Borough;
- c) the nature, scope, and magnitude of the proposed development; and
- d) the fiscal impact of the development upon municipal, school district, and County operations, to include changes in tax revenues and budgetary appropriations, as well as the impact upon the existing tax structure.

ECONOMIC BASE AND FISCAL PROFILE

An examination of the current and historic characteristics of the Borough of Rutherford and the manner by which the Borough derives its revenues and manages its appropriations is a precursor to a fiscal impact analysis of the proposed mixed-use redevelopment. This initial examination will furnish a useful insight into the nature of local fiscal operations and provide a benchmark by which changes may be measured and anticipated.

General Characteristics

The Borough of Rutherford is a well-established and substantially developed community located in the southern portion of Bergen County along the County's boundaries with Hudson and Passaic counties. The Borough, as illustrated on Figure 1, is bounded by Clifton City and Passaic City to the west, East Rutherford Borough to the north and east, Secaucus Town to the southeast, and Lyndhurst Township to the south and southwest. Rutherford Borough, itself, includes a land area of 2.60 square miles, or approximately 1.12 percent of Bergen County's total land area of 233.01 square miles.

Population

Rutherford contained a total population of 20,802 persons at the time of the 1970 Census. During the 1970's, Rutherford's population decreased by 1,734 persons (8.3 percent) and resulted in a population of 19,068 persons at the time of the 1980 Census. Another population decrease was recorded during the 1980's, with a loss of 1,278 persons (6.7 percent) to yield a total population of 17,790 persons as of the 1990 Census.

Between 1990 and 2000, the population of Rutherford increased, with a total population of 18,110 persons reported in 2000, indicating an increase of 320 persons equal to a relative increase of 1.8 percent. In 2000, the population of Rutherford represented 2.05 percent of Bergen County's total population of 884,118 persons at that time. Between the 2000 and 2010 Census of Population, Rutherford experienced a population decrease of 49 persons, as indicated by the Borough's reported population of 18,061 persons at the time of the 2010 Census of Population. According to the most

FIGURE 1

LOCATION MAP



recent information available from the Bureau of the Census, the Borough's population base increased by 1.3 percent (242 persons) between the 2010 and the Census Bureau's mid-year 2019 population estimates, when Rutherford's total population was reported to have increased to 18,303 persons. These population trends are summarized below:

Population Trends						
<u>Borough of Rutherford</u>						
	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>
Population	20,802	19,068	17,790	18,110	18,061	18,303
Change	-----	-1,734	-1,278	320	-49	242
Percent Change	-----	-8.3	-6.7	1.8	-0.3	1.3

Since 1970, the Borough of Rutherford has accounted for a decreasing share of the County's total population and, at the time of the 2010 Census, the Borough represented 2.00 percent of the total population of Bergen County. The 1990, 2000 and 2010 Census population base of the Borough of Rutherford is profiled in Table 1, while the age characteristics of the Borough's residents are further detailed in Table 2.

Population Trends						
<u>Rutherford Borough as a Share of Bergen County</u>						
	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>
Rutherford	20,802	19,068	17,790	18,110	18,061	18,303
Bergen Co.	897,148	845,385	825,380	884,118	905,116	932,202
Borough / Co. - %	2.32	2.26	2.16	2.05	2.00	1.97

Since 1980, the Borough's population base has reflected a maturing of its population with increases in the median age of the Borough's residents from 34.7 years in 1980, to 36.6 years in 1990, to 38.8 years in 2000 and to 40.3 years in 2010. The percentage of the Borough's younger adults, aged 20-34 years, decreased from 24.8 percent in 1980 to 18.5 percent in 2010. From 2000 to 2010, when the Borough's population decreased by 49 persons, the number of younger adults declined from 3,748 residents to 3,339 residents, a decline of 409 persons.

TABLE 1

**RUTHERFORD BOROUGH, BERGEN COUNTY
POPULATION BASE - 1990, 2000 and 2010 CENSUS**

	<u>1990</u>	<u>2000</u>	<u>2010</u>
TOTAL POPULATION	17,790	18,110	18,061
Male	8,413	8,699	8,686
Female	9,377	9,411	9,375
AGE			
Under 5 years	927	946	921
5 to 17 years	2,450	2,815	2,868
18 to 20 years	943	531	692
21 to 24 years	1,159	814	887
25 to 44 years	5,744	5,906	4,979
45 to 54 years	1,997	2,742	2,999
55 to 59 years	860	970	1,207
60 to 64 years	904	749	1,077
65 to 74 years	1,605	1,318	1,228
75 to 84 years	954	991	817
85 years and over	247	328	386
Median age	36.6	38.8	40.3
Under 18 years	3,377	3,761	3,789
Percent of total population	19.0	20.8	21.0
65 years and over	2,806	2,637	2,441
Percent of total population	15.8	14.6	13.5
HOUSEHOLDS BY TYPE			
Total households	6,684	7,055	6,949
Family households (families)	4,602	4,672	4,660
Married-couple families	3,711	3,777	3,670
Percent of total households	55.5	53.5	52.8
Other family, male householder	237	249	266
Other family, female householder	654	646	724
Non family households	2,082	2,383	2,289
Percent of total households	31.1	33.8	32.9
Householder living alone	1,744	1,998	1,903
Householder 65 years and over	774	757	631
Persons living in households	17,305	17,812	17,759
Persons per household	2.59	2.52	2.56
Persons living in group quarters	485	298	302
Institutionalized persons	32	0	0
Other persons in group quarters	453	298	302

TABLE 2

RUTHERFORD BOROUGH, BERGEN COUNTY
1980, 1990, 2000, 2010

<u>Age Cohorts</u>	<u>1980 Census</u>		<u>1990 Census</u>		<u>2000 Census</u>		<u>2010 Census</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
0 - 4	664	4.7	683	6.4	946	5.21	921	5.1
5 - 9	711	5.0	611	5.8	1,052	5.8	1,062	5.9
10 - 14	932	6.6	511	4.8	1,116	6.2	1,089	6.0
15 - 19	1,300	9.2	522	4.9	999	5.5	1,201	6.6
20 - 24	1,337	9.5	548	5.2	993	5.5	1,085	6.0
25 - 29	1,193	8.5	728	6.9	1,330	7.3	1,100	6.1
30 - 34	954	6.8	916	8.6	1,425	7.9	1,154	6.4
35 - 54	3,453	24.5	2,816	26.6	5,903	32.6	5,724	31.7
55 - 59	1,166	8.3	603	5.7	970	5.4	1,207	6.7
60 - 64	962	6.8	654	6.2	749	4.1	1,077	6.0
65 - 74	949	6.7	1,166	11.0	1,318	7.3	1,228	6.8
75+	463	3.3	845	8.0	1,319	7.3	1,213	6.7
Total	14,084	100.0	17,790	100.0	18,110	100.0	18,061	100.0
Median Age	34.7		36.6		38.8		40.3	

Housing Trends

Notwithstanding the net population decline reported since the 1970's, Rutherford has experienced an ongoing expansion of its housing inventory. During the 1960's, the Borough issued building permits authorizing the construction of 320 new housing units within the Borough. An additional 114 residential dwellings were authorized during the 1970's.

During the 1980's, housing construction in Rutherford continued at a slightly increased rate compared to the 1970's (114 units per year). As indicated in Table 3, during the period from January 1980 through December 1989, the Borough of Rutherford issued building permits authorizing the construction of 164 residential units, or an average of 16 units per year. During the 1990's, residential construction in Rutherford decreased, with the Borough authorizing the construction of 96 new housing units between 1990 and 1999, or an average of 10 new homes annually. From 2000 through 2009, the Borough authorized an additional 68 new housing units. During the past ten years (2010 through 2019) the Borough authorized an additional 42 new housing units. The Borough's building permit trends are further detailed on Table 3.

The 1990 housing stock of Rutherford was predominantly comprised of single-family detached, owner-occupied housing units. In 1990, single-family detached homes accounted for 3,875, or 53.7 percent of the 7,220 total housing units. Owner-occupied homes accounted for 68.1 percent of the total occupied homes in 1990, while 2,129 housing units (31.9 percent) were renter-occupied.

Between the 1990 and 2000 Census, the total number of housing units in Rutherford decreased from 7,220 housing units to 7,214 housing units, for a decrease of 6 housing units. The total number of occupied households increased by 371 households, from 6,684 households in 1990 to 7,055 households in 2000. Renter-occupied households in Rutherford, which accounted for 31.9 percent of the Borough's occupied households in 1990, represented 34.5 percent of the 7,055 occupied households in 2000.

The published reports from the 2010 Census of Population indicate that the total number of housing units in the Borough increased from 7,214 units to 7,278 units, of which 6,949 housing units (95.5 percent) were reported to be occupied. The 1990, 2000 and 2010 Census housing base of Rutherford Borough is detailed in Table 4.

TABLE 3

RUTHERFORD BOROUGH, BERGEN COUNTY
RESIDENTIAL CONSTRUCTION
AUTHORIZED BY BUILDING PERMITS

Year	Residential		Year	Residential		Year	Residential		Year	Residential	
	Units	Year		Units	Year		Units	Year		Units	Year
1960	46	1970	4	1980	22	1990	0	2000	1	2010	1
1961	76	1971	15	1981	1	1991	1	2001	4	2011	5
1962	23	1972	2	1982	5	1992	59	2002	13	2012	6
1963	32	1973	15	1983	4	1993	0	2003	9	2013	2
1964	30	1974	25	1984	45	1994	1	2004	4	2014	0
1965	15	1975	2	1985	28	1995	9	2005	17	2015	0
1966	15	1976	8	1986	21	1996	13	2006	14	2016	7
1967	31	1977	25	1987	34	1997	5	2007	1	2017	2
1968	48	1978	16	1988	4	1998	8	2008	1	2018	3
1969	<u>4</u>	1979	2	1989	<u>0</u>	1999	<u>0</u>	<u>2009</u>	<u>4</u>	2019	6
Sub- Total 1960-69	320	Sub- Total 1970-79	114	Sub- Total 1980-89	164	Sub- Total 1990-99	96	Sub- Total 2000-09	68	Sub- Total 2010-19	42

Source: New Jersey Department of Labor, Division of Planning and Research, Office of Demographic and Economic Analysis, Residential Building Permits, Annual Summaries 1960-2019.

TABLE 4

RUTHERFORD BOROUGH HOUSING PROFILE
1990, 2000 and 2010 CENSUS

HOUSING UNITS	<u>1990</u>	<u>2000</u>	<u>2010</u>
Total Housing Units	7,220	7,214	7,278
Occupied housing units	6,684	7,055	6,949
Owner occupied	4,555	4,623	4,621
Percent owner occupied	68.2	65.5	66.5
Renter occupied	2,129	2,432	2,328
Vacant housing units	536	159	329
For seasonal, recreational, or occasional use	6	15	21
Homeowner vacancy rate (percent)	3.1	0.6	0.9
Rental vacancy rate (percent)	10.3	2.2	5.4
Persons per owner-occupied unit	2.84	2.77	2.78
Persons per renter-occupied unit	2.05	2.05	2.10
UNITS IN STRUCTURE			
1-unit, detached	3,875	3,852	*
1-unit, attached	124	142	*
2 to 4 units	1,566	1,672	*
5 to 9 units	322	337	*
10 or more units	1,228	1,211	*
Mobile home, trailer, other	105	0	*
VALUE			
Specified owner-occupied units	3,428	3,692	*
Less than \$50,000	16	11	*
\$50,000 to \$99,000	31	21	*
\$100,000 to \$149,000	180	154	*
\$150,000 to \$199,000	1,337	1,172	*
\$200,000 to \$299,000	1,674	1,907	*
\$300,000 or more	190	383	*
Median (dollars)	206,200	218,300	*
CONTRACT RENT			
Specified renter-occupied units paying cash rent	2,057	2,433	*
Less than \$250	36	32	*
\$250 to \$499	513	48	*
\$500 to \$749	1,056	696	*
\$750 to \$999	346	1,046	*
\$1,000 or more	106	528	*
Median (dollars)	618	832	*

* Detailed housing characteristics from the 2010 Census are not available.

School System

The Borough of Rutherford maintains its own school district for Rutherford students in grades K through 12. The number of students from Rutherford Borough “on roll” in the local school district declined during the 1970's and 1980's. Between 1975 and 1990, public school enrollment of Rutherford school district decreased from 3,146 students to 2,087 students, a decrease of 1,059 students or, 33.7 percent. Since 1991, enrollment in the Rutherford school district has increased, with 2,313 students enrolled in the 1999-00 school year 2,487 students enrolled in the 2009-10 school year. Enrollments increased to 2,502 students in the 2014-15 school year with 2,598 students reported during the 2019-20 school year. The enrollments in the Rutherford School District have been relatively stable during the past ten years, with 2,533 students in the 2008-09 school year and 2,598 students enrolled during the 2019-20 school year, indicating an increase of 65 students, or approximately 6 students annually. Enrollment trends for the Rutherford School District are detailed in Table 5.

Commercial Development

According to reports of the New Jersey Department of Labor, there were 4,618 persons covered by New Jersey Unemployment Compensation (covered jobs) employed within Rutherford during 1975. Between 1975 and 1985, the Borough's private sector employment base increased by 1,319 jobs to a total of 5,937 jobs in 1985. The Borough experienced an increase of 1,361 jobs in its employment base during the ensuing (1985-1995) ten year interval, with 7,298 jobs reported in Rutherford during 1995. Between 1995 and 2005, employment in Rutherford is reported to have increased by 94 jobs, with 7,392 jobs reported during 2005. During the ensuing ten years, employment in the Borough of Rutherford declined from 7,392 employees in 2005 to 6,200 employees in 2015. Since 2015, private sector employment in Rutherford is has generally increased with 7,460 private sector jobs reported in 2019, the most recent year for which municipal employment data is available from the New Jersey Department of Labor. Rutherford's share of Bergen County's total employment was 1.67 percent of the County's total employment in 1990 and was 1.85 percent in 2019. This information is further detailed in Table 6.

In addition to the private 7,460 private sector employees reported in Rutherford during 2019, there were also 680 public sector employees (Federal, State, municipal and school district) located in Rutherford yielding total local employment of 8,140 employees.

**TABLE 5
RUTHERFORD BOROUGH
PUBLIC SCHOOL ENROLLMENT**

<u>Year</u>	<u>Enrollment</u>	<u>Cost per Student</u>
1975-76	3,146	\$ 1,503
1976-77	2,933	\$ 1,757
1977-78	2,800	\$ 1,983
1978-79	2,696	\$ 2,234
1979-80	2,597	\$ 2,478
1980-81	2,460	\$ 2,859
1981-82	2,380	\$ 3,258
1982-83	2,283	\$ 3,657
1983-84	2,234	\$ 4,070
1984-85	2,238	\$ 4,369
1985-86	2,242	\$ 4,667
1986-87	2,220	\$ 5,137
1987-88	2,167	\$ 5,672
1988-89	2,104	\$ 6,650
1989-90	2,069	\$ 7,124
1990-91	2,087	\$ 7,336
1991-92	2,120	\$ 7,326
1992-93	2,168	\$ 8,109
1993-94	2,119	\$ 8,627
1994-95	2,140	\$ 8,762
1995-96	2,172	\$ 8,806
1996-97	2,253	\$ 8,721
1997-98	2,210	\$ 9,401
1998-99	2,289	\$ 9,407
1999-00	2,313	\$ 9,862
2000-01	2,309	\$10,331
2001-02	2,353	\$10,835
2002-03	2,362	\$11,077
2003-04	2,416	\$11,295
2004-05	2,485	\$11,587
2005-06	2,472	\$12,482
2006-07	2,513	\$13,250
2007-08	2,511	\$13,898
2008-09	2,533	\$14,231
2009-10	2,487	\$14,847
2010-11	2,488	\$14,506
2011-12	2,488	\$14,615
2012-13	2,548	\$14,693
2013-14	2,498	\$15,103
2014-15	2,502	\$16,345
2015-16	2,459	\$17,236
2016-17	2,526	\$16,710
2017-18	2,587	\$16,512
2018-19	2,601	\$17,204
2019-20	2,598	\$18,048
2020-21	2,638	\$18,569

Source: Rutgers University, New Jersey Legislative District Data Book (1975-2016); NJ Department of Education, 2017-19. The net cost per pupil is the general fund budget per pupil, as implemented under CEIFA, and is equal to the sum of general fund tax levy, budgeted general fund balance, miscellaneous revenue, and most forms of state formula aid. The per pupil cost calculated in the 2018-19 and 2019-20 and 2020-21 school years reflect total operating expenditures.

TABLE 6
PRIVATE SECTOR EMPLOYMENT
RUTHERFORD BOROUGH, BERGEN COUNTY
(Covered by New Jersey Unemployment Compensation)

<u>Year</u>	<u>Rutherford Borough</u>	<u>Bergen County</u>	<u>Borough/ County(%)</u>
1975	4,618	300,969	1.53
1980	5,333	340,296	1.57
1981	5,733	347,425	1.65
1982	6,060	349,512	1.73
1983	7,081	361,712	1.96
1984	8,585	378,744	2.27
1985	5,937	382,638	1.55
1986	6,564	393,118	1.67
1987	6,407	401,924	1.59
1988	6,447	407,351	1.58
1989	7,047	408,796	1.72
1990	6,161	396,230	1.67
1991	6,409	370,185	1.73
1992	6,753	359,069	1.88
1993	6,730	365,245	1.84
1994	7,083	375,717	1.89
1995	7,298	379,121	1.92
1996	7,372	388,678	1.73
1997	7,296	397,438	1.84
1998	6,660	408,449	1.84
1999	5,179	404,210	1.89
2003	7,025	405,395	1.73
2004	7,041	401,711	1.75
2005	7,392	404,059	1.84
2006	7,112	408,485	1.77
2007	8,141	406,138	2.00
2008	7,297	395,763	1.84
2009	6,221	366,567	1.70
2010	6,195	377,105	1.64
2011	5,816	380,295	1.53
2012	6,230	375,063	1.66
2013	6,191	389,493	1.59
2014	5,987	423,342	1.41
2015	6,200	398,373	1.56
2016	6,410	401,691	1.59
2017	6,641	399,556	1.66
2018	6,760	400,897	1.69
2019	7,460	401,467	1.95

Source: New Jersey Department of Labor, New Jersey Covered Employment Trends. Employment is as of September 30th.

RATABLE BASE AND TAX RATE

The economic and demographic characteristics of Rutherford Borough are reflected in the ratable base, and changes in the Borough's household base and commercial development since 2000 may be examined in terms of the per parcel and total valuations (assessments) of the taxable properties in the Borough.

Ratable Base

Rutherford Borough has undertaken periodic property revaluations in an effort to maintain assessments that approximate current market values. The ratio of assessed value to market value is expressed in the State equalization ratio, which amounted to 95.82 percent in 2000 and is reported to be 87.99 percent in 2020. During 2000, the total equalized property valuation in Rutherford amounted to \$1,254.5 million. The total equalized assessments increased by 145.3 percent between 2000 and 2020 with an equalized assessed valuation of \$3,078.6 million reported for 2020. These assessment trends are further detailed in Table 7.

During the period from 2000 to 2020, when the Borough's equalized valuation increased by 145.3 percent, the cost of municipal operations reflected in the local use budget increased from \$18,514,483 to \$32,760,259--an increase of \$14,245,776, or 76.9 percent. Between 2000 and 2020, the growth of municipal costs (76.9 percent) was well below the increase in the equalized taxable base (145.3 percent).

Between 2000 and 2020, Class 2 residential properties (which include all residential properties with the exception of Class 4c rental apartments) increased as a share of the Borough's total ratables from 76.00 percent to 79.89 percent. Non-residential (commercial/industrial) amounted to 19.24 percent of valuation in 2000 and 15.13 percent in 2020. These percentage levels and the changes that have occurred since 2000 indicate an increase in the share of the ratable base represented by Class 2 residential properties, with Class 2 residential properties now accounting for 79.89 percent of the Borough's total assessments.

Since 2000, the average equalized value of the Borough's residential parcels has increased substantially. The average equalized residential (Class 2) property assessment amounted to \$193,031 per parcel during 2000, and this average equalized value had increased to \$490,261 during 2020.

TABLE 7

RUTHERFORD BOROUGH, BERGEN COUNTY
 RATABLE BASE COMPOSITION
LOCAL USE REVENUES AND TAXES

<u>Year</u>	<u>Assessed</u>	<u>Average Valuation</u>	<u>Equalized</u>	<u>Percent Comm/Ind</u>	<u>State Eq. Ratio</u>	<u>Local Use Budget</u>	<u>Residential Tax</u>
2000	\$1,202,071,400	\$1,254,509,914	19.24	95.82	\$18,514,483	\$5,577	
2020	\$2,708,889,900	\$3,078,633,822	15.13	87.99	\$32,760,289	\$12,297	

Source: New Jersey Department of Community Affairs, Division of Local Government Services, Annual Report, 2000.
 Bergen County Board of Taxation, 2020.

In 2000, the average residential (Class 2) tax bill in Rutherford was \$5,577 and between 2000 and 2020, this average annual tax increased at an average annual rate of 4.03 percent, resulting in a 2020 average residential (Class 2) tax of \$12,297. This assessment and tax information is further detailed in Table 8.

Effective Tax Rates

The local (general) tax rates levied in the Borough of Rutherford reflect the ratio of assessed to true (market) value of the assessments in the Borough. In 2000, the local (general) tax rate in Rutherford was \$3.015 per \$100 of assessed value. By 2020, the general tax rate had decreased to \$2.851 per \$100 of assessed value. On an “equalized valuation” basis, the tax rate relative to current values actually decreased from \$2.889 per \$100 in 2000 to \$2.509 per \$100 in 2020.

**Borough of Rutherford
Local and Equalized Tax Rates**

<u>Year</u>	<u>Local Rate</u>	<u>Assessment Ratio</u>	<u>Equalized Rate</u>
2000	\$3.015	95.82	\$2.889
2020	\$2.851	87.99	\$2.509

Overview

The preceding review of the economic, demographic, fiscal and financial characteristics of Rutherford has disclosed the Borough to be a well established community in the context of Bergen County. As noted previously, Rutherford contains approximately 1.12 percent of the County’s land area, accounted for 2.00 percent of the County’s 2010 population, and 1.64 percent of the County’s 2010 employment base.

Between 2000 and 2020, the equalized valuation (assessments) in Rutherford increased from \$1,254.5 million to \$3,078.6 million. In 2000, the average residential property in Rutherford was assessed at \$184,962 and paid total taxes of \$5,577 per year. By 2020, the average residential (Class 2) assessment had increased by 133.1 percent to \$431,181, while the taxes paid by the average residential property had increased to \$12,297 per year. Between 2000 and 2020, the average residential (Class 2) tax paid in Rutherford increased at an average annual rate of 4.03 percent.

TABLE 8

RUTHERFORD BOROUGH, BERGEN COUNTY
AVERAGE RESIDENTIAL ASSESSMENTS AND TAXES¹

<u>Year</u>	<u>Average Residential Assessment</u>	<u>Equalized Residential Assessment</u>	<u>Average Property Taxes</u>			
			<u>Total Tax</u>	<u>Local Use</u>	<u>School</u>	<u>County</u>
2000	\$184,962	\$193,031	\$5,577	\$1,931	\$3,189	\$457
2020	\$431,181	\$490,261	\$12,297	\$3,870	\$7,208	\$1,218

Source: New Jersey Department of Community Affairs, Division of Local Government Services, Annual Report, 2000; Bergen County Board of Taxation, 2020.

*Class 2 Residential Properties.

PROJECT DESCRIPTION AND FISCAL IMPACTS

On the preceding pages, the economic base and fiscal infrastructure of the Borough of Rutherford have been examined and quantified. With the information and insight gained in the foregoing examination, it is now possible to estimate the costs, revenues, and overall fiscal effects that would be expected to accompany the construction and occupancy of the proposed mixed-use redevelopment.

Project Description

The development that is the subject of the ensuing fiscal assessment involves a proposal for the redevelopment of a tract of land located along the northerly side of Union Avenue at its intersection with West Erie Avenue and situated approximately 500 feet north of the Rutherford commuter railroad station. The current concept plans prepared that have been prepared for M&M at Rutherford indicate that the proposed redevelopment will contain a total of 2,205 square feet of commercial (retail) space and 140 multi-family residential units, located in a mid-rise, elevator serviced building with structured parking facilities. The 140 housing units are comprised of 77 one-bedroom units, and 63 two-bedroom units. Monthly rents are expected to range from \$2,040 to \$2,650.

In addition to the project's residential housing units, the proposed development also includes a convenience retail component consisting of 2,205 square feet of ground floor space, which is expected to be rented at \$20.00 per square foot.

Based upon the unit distributions in the redevelopment plan and the current leasing expectations, the proposed mixed-use redevelopment would be expected to generate a gross potential rent amounting to \$3,932,460. This information is further detailed in the following tabulation:

<u>M & M At Rutherford</u>			
Proposed Mixed-Use Redevelopment			
<u>Non-Residential</u>			Gross
<u>Retail</u>	<u>Size (sf)</u>	<u>Net Rent/sf</u>	<u>Potential Rent</u>
	2,205	\$20.00	\$ 44,100

M & M At Rutherford
Proposed Mixed-Use Redevelopment (Continued)

<u>Residential</u>	<u>No of</u> <u>Units</u>	<u>Monthly</u> <u>Rent</u>	<u>Annual</u> <u>Rent</u>	<u>Gross</u> <u>Potential Rent</u>
Apt-1BR	77	\$2,040	\$24,480	\$1,884,900
Apt-2BR	<u>63</u>	<u>\$2,650</u>	<u>\$31,800</u>	<u>\$2,003,400</u>
Subtotal	140	\$2,315	\$27,774	\$3,888,360
Total				\$3,932,460

Population Determinants

There are a number of techniques and methods available in demographic analysis which may be utilized to estimate the anticipated population levels that would be generated by a proposed development. No single technique or methodology is universally applicable, accepted, or reliable. Rather, all methods available for the pro forma calculation of anticipated population are subject to certain limitations.

Among the various techniques available for developing estimates of population, the "comparable" approach, or "case study" method, appears to offer the benefits of actual experiences, timely data, geographic proximity and known similarities in market sectors and product design. In the "case study" method, population determinants are generated on the basis of the actual occupancy experiences of comparable housing units in similar, recently constructed housing complexes. The reliability of the "case study" model is a function of the comparability of the "case study" housing units to the units proposed for construction.

Municipal Multipliers - Information is also available from the U.S. Department of Commerce, Bureau of the Census, which provides population and housing characteristics that can be examined to estimate municipal population and school children multiplier ratios on a per household basis. In this regard, at the time of the 2010 Census of Population (April 1, 2010), Rutherford Borough contained a total population of 18,061 persons, of which 17,759 persons

occupied 6,949 of the Borough's 7,278 total housing units. At this time (2009-2010 school year), there were 2,487 children from Rutherford enrolled in the Borough's public schools. These statistics indicate that the average household in the Borough of Rutherford contained 2.56 persons, including 0.342 public school children.

The proposed mixed-use redevelopment differs from the Borough's housing base to the extent that all (100.0 percent) of the proposed homes are "new", "attached" and "renter-occupied", as opposed to only 9.4 percent "new", 46.6 percent "attached" and 33.5 percent "renter-occupied" in the Borough's housing inventory. In view of the differences in the type of housing units that are proposed vis-a-vis Rutherford's existing housing base, the use of municipal demographic cohorts as a "comparable" would not be appropriate. The proposed housing units represent a housing product that is designed to appeal to young professionals and to "empty nesters" that are the bookends of the population and have a limited appeal to families with children due to the size (average of 1.45 bedrooms per unit), design (elevator-serviced) and pricing (\$2,315 per month). In view of the differences in the type of housing units proposed vis-a-vis the Borough's existing housing base, the use of municipal demographic cohorts as a "comparable" may not be the most appropriate.

Multi-Family Demographics

Given the unique location, character, and transit-oriented convenience of the proposed new housing units, demographic information for recently occupied attached housing units in New Jersey would provide a more realistic basis for estimating the population, school age, and public school children likely to be generated by the proposed multi-family rental housing units, with an average of 1.45 bedrooms per unit, and the location that affords retail convenience and a transit oriented opportunity for its residents.

CUPR Demographic Multipliers - A study of the occupancy characteristics of newly occupied housing units was initially prepared (November 2006) by the Center for Urban Policy Research (CUPR), Edward J. Bloustein School of Planning & Public Policy at Rutgers, The State University. This survey was recently updated (November 2018) in a survey of newly occupied housing units entitled, Who Lives in New Jersey Housing, which was prepared by the Center for

Urban Policy Research (CUPR), Edward J. Bloustein School of Planning & Public Policy at Rutgers, The State University.

The updated CUPR study provides demographic multipliers for single-family detached homes, single-family attached homes, and multi-family units in buildings containing 5 to 49 units and 50 or more units, which includes condominiums and apartments. Demographic multipliers are provided for the State of New Jersey with adjustments for pricing (all values, below median or above median). Unlike the prior (2006) survey, information is not provided for three regions of the State (north, central, and south) and the updated data does not disaggregate owner- and renter-occupied units for all type of housing, nor does it provide the demographic multipliers for specialized housing products such as “age-restricted” or “transit-oriented” developments.

Notwithstanding the limitations of the “updated” data, this analysis has utilized the standard (non-TOD) updated multipliers for the housing types that are most similar to the proposed housing units. Accordingly, the updated demographic multipliers for one- and two bedroom rental housing units located in buildings containing 50 or more housing units have been utilized. According to the updated CUPR study, one- and two-bedroom, above median income, rental housing units in buildings containing 50 or more housing units, as presented in Appendices 1 and 2, indicates that the proposed housing units would be expected to be occupied by 1.551 to 2.355 residents per housing unit, including 0.004 to 0.065 public school children per housing unit. If these Statewide multipliers were applied to the proposed housing units with a mix of 77 one-bedroom units and 63 two-bedroom units, a total resident population amounting to 267 persons, including 4 public school children would be anticipated:

**Estimated Population - Updated CUPR Demographic Multipliers
Proposed Mixed-Use Redevelopment in Rutherford Borough**

	No. of Units	<u>Population Per Unit</u>		<u>Estimated Population</u>	
		Total Pop.	Public School	Total Pop.	Public School
<u>MF 50+ Bldgs</u>					
Apt- 1BR	77	1.551	0.004	119	0
Apt- 2BR	<u>63</u>	<u>2.355</u>	<u>0.065</u>	<u>148</u>	<u>4</u>
Total	140	1.907	0.029	267	4

Transit-Oriented Developments - In addition to the demographic information for standard housing types, the prior(November 2006) study prepared by the Center for Urban Policy Research also provides demographic multipliers for specialized forms of housing, including housing units within transit-oriented residential developments. As detailed in Appendix 3, this survey of transit-oriented developments included a total of 2,183 rental housing units located within ten (10) rental projects in New Jersey. These 2,183 “rental” housing units were found to contain a total of 47 public school children, or 0.022 public school children per housing unit. In view of the design and the proximity of the proposed mixed-use redevelopment to transit opportunities (rail station), the TOD multipliers furnish an indication of the reduced population and public school children that could be anticipated. Applying the TOD school children multiplier (0.022 school children / unit) to the 140 rental housing units would yield 3 public school children, as opposed to the 4 public school children derived with the updated CUPR (Statewide) multipliers:

**Estimated Population
TOD Demographic Multipliers
Proposed Mixed-Use Redevelopment in Rutherford Borough**

<u>Market</u>	<u>No. of Units</u>	<u>Population Per Unit</u>		<u>Estimated Population</u>	
		<u>Total Pop.</u>	<u>Public School</u>	<u>Total Pop.</u>	<u>Public School</u>
1BR	77	1.549	0.010	119	1
2BR	63	1.866	0.037	118	2
Total	140	1.693	0.022	237	3

As indicated in the preceding calculations, the updated CUPR and TOD Survey demographic multipliers anticipate a range of population (1.693 to 1.907 persons per unit) and school children ranging from 0.022 children per unit to 0.029 school children per unit, with an “average” of the “standard” and TOD demographic multipliers yielding 1.793 persons and 0.026 public school children per unit, which is higher than the population and public school children per unit discerned in the TOD survey. Using the “average” of these per unit occupancy estimates for the 140 new housing units, indicates a total population of 251 persons, including 4 public school children:

Estimated Population
Averaged Updated CUPR and TOD Demographic Multipliers
Proposed Mixed-Use Redevelopment in Rutherford Borough

<u>Market</u>	<u>No. of Units</u>	<u>Population Per Unit</u>		<u>Estimated Population</u>	
		<u>Total Pop.</u>	<u>Public School</u>	<u>Total Pop.</u>	<u>Public School</u>
1-BR	77	1.550	0.007	119	1
2-BR	<u>63</u>	<u>2.111</u>	<u>0.051</u>	<u>132</u>	<u>3</u>
Total	140	1.793	0.029	251	4

Added Population

As indicated in the preceding calculations, the average of the updated CUPR and the available TOD multipliers applied to the 140 housing units would yield 251 residents and 4 public school children.

Estimated Employment

In addition to the proposed housing units, the redevelopment plan also includes 2,205 square feet of commercial space. The number of employees that could be expected to be generated by new non-residential development may be based upon space (facilities) planning of the actual tenants. Alternatively, and prior to the actual leasing of the commercial space, the employment ratios (employees per 1,000 square feet of commercial space) that are published by the International Building Code (IBC) and the Uniform Construction Code (UCC) may be utilized. These publications provide ratios for retail uses that range from 1.7 to 3.2 employees per for each 1,000 square feet of retail space. Applied to the 2,205 square feet of proposed non-residential retail space, the average use group ratio (2.5/1,000 sf) would yield an estimate of 6 full-time equivalent (FTE) jobs:

Estimated Employment
Proposed Mixed-Use Redevelopment Plan

<u>Non-Residential</u>	<u>Use Group</u>	<u>Building Area-Sq. Ft.</u>	<u>Jobs Per 1,000 Sq. Ft.</u>	<u>Estimated Employment</u>
Retail	M	2,205	2.5	6

IMPACT ANALYSIS

Fiscal Impact

The fiscal impact resulting from the construction and occupancy of the proposed mixed-use redevelopment containing 2,205 square feet of commercial (retail) space with 6 employees and 140 housing units with 251 residents, including 4 public school children, may now be examined in terms of the services provided to the Borough's residents and employees. The determination of the fiscal impact of the proposed redevelopment involves the use of an econometric model which is a composite of two techniques generally referred to as the "proportional valuation method" and the "per capita multiplier method". The "proportional valuation method" is utilized first to assign a portion of total municipal expenditures to the residential (as opposed to non-residential) valuation in the Borough. Municipal expenditure levels proportionately allocated to residential valuation are then expressed in terms of per employee and per capita expenditures for the existing employment and population base. School appropriations are expressed on a per pupil basis. Once these per employee, per capita and per pupil expense ratios are determined, the "per capita multiplier method" anticipates added costs from the proposed development by applying increased employment, population and student enrollment to the current expense ratios.

Assumptions, Conditions and Qualifications

The preparation of a cost/revenue analysis, which measures the overall and specific impacts resulting from the development and occupancy of the proposed development, necessarily requires that certain empirical assumptions be made:

- 1) All dollars are 2020 dollars-the fiscal impact shown reflects the forecasted impact as if the development were completed in 2020;
- 2) Other growth or changes (demographic/economic) occurring in Rutherford during the development phases of the project may well have their own impact on fiscal matters, but are not included within the scope of this study in order to empirically assess the direct impact of the planned development;

- 3) The "per capita multiplier method" assumes that, over the long run, current average operating costs per capita furnish a reasonable estimate of future operating costs occasioned by growth, and that current levels of service, relative to current population, are reasonably accurate indicators of future service levels continued at the same relative scale, and;
- 4) The current distribution of expenditures among the various sectors of municipal service will remain constant in the short term and will serve as the primary indicator of the way in which additional expenditures will be subsequently allocated.

Utilizing traditional fiscal impact methodology and assumptions, the primary impacts resulting from the completion and occupancy of the proposed mixed-use redevelopment can be determined through a cost/revenue analysis of the major sources of the services affected by the new redevelopment. The primary sources of the public sector services that may be affected are: a) the municipality; b) the school district, and; c) the County.

MUNICIPAL SERVICE COSTS

The fiscal effects anticipated to result from the proposed mixed-use redevelopment of new commercial (retail) space, new housing units, including the addition of 6 employees and 251 residents, shall be analyzed in this section in terms of the municipal service costs allocated to the municipality in providing the various services to the proposed redevelopment.

Municipal Costs

The budgeted costs of municipal operations typically provide the statistical foundation for the allocation of municipal service costs to added development as the cost of the services now being provided reflect the structure of the existing service/cost relationships in the community. In this regard, a review of budgeted operations as reflected in the Borough's 2020 budget has been undertaken.

A summary of Rutherford's current (2020) revenues and expenditures as presented in Table 9, provides a useful profile for the determination of the fiscal impact attributable to the proposed development. Before the data and relationships indicated in Table 9 may be utilized, certain adjustments must be made to separate its non-residential and residential components. As may be seen in Table 9, non-residential properties in Rutherford Borough, which include Class 4a Commercial and Class 4b Industrial properties, represent 5.30 percent of all properties and 15.13 percent of the Borough's total assessed valuation. Given these distributions, 10.22 percent of the total current municipal expenditures would be assigned, in terms of cost/benefit (or cost generation), to the 286 non-residential properties in Rutherford Borough, which have a current assessed valuation of \$409,777,900. Of the Borough's current tax-supported appropriations of \$24,399,667, approximately 10.22 percent, or \$2,493,646, would be assigned to the Borough's non-residential (commercial /industrial) properties.

The Borough's residential properties, which include Class 2 Residential and Class 4c Apartment properties, represent 93.64 percent of the Borough's total properties and 83.96 percent of the Borough's total assessed valuation, and would be assigned 88.80 percent of the Borough's total tax-supported costs. In this regard, \$21,666,904 of the Borough's \$24,399,667 in tax-supported local use appropriations would be attributed to Rutherford's residential properties.

TABLE 9
MUNICIPAL DATA - 2020
RUTHERFORD BOROUGH, BERGEN COUNTY

A. Current Assessments:

<u>Property Class</u>	<u>Assessment</u>	<u>Percent</u>	<u>Parcels</u>
1 Vacant Land	\$ 24,617,800	0.91	57
2 Residential	\$2,164,236,400	79.89	5,075
3a Farm-Regular	\$ 0	0.00	0
3b Farm-Qualified	\$ 0	0.00	0
4a Commercial	\$ 322,242,400	11.90	261
4b Industrial	\$ 87,535,000	3.23	25
4c Apartments	\$ 110,257,800	4.07	34
<u>Summary</u>			
Residential(Class 2, 3a and 4c)	\$2,274,494,200	83.96	5,051
Commercial/Industrial	\$ 409,777,900	15.13	286
Other (Class 1 and 3b)	\$ 24,617,800	0.91	57
Total	\$2,708,889,900	100.00	5,394

B. Current Tax Structure:

<u>Rate Per \$100 (2015-16)</u>	<u>Percent</u>	<u>Local Rate</u>
Municipal Purpose	31.46	\$0.897
Local School	58.65	\$1.672
County Taxes	9.89	\$0.282
Total	100.00	\$2.851

C. Local Use Appropriations:

	<u>Percent</u>	<u>Amount</u>
Operating Expenses within "CAPS"	74.31	\$24,345,623
Deferred Charges	0.03	\$ 8,174
Operating Expenses excluded from "CAPS"	11.83	\$ 3,874,765
Capital Improvements	3.73	\$ 1,220,000
Debt Service (Included for School Purposes)	6.67	\$ 2,186,697
Reserve for Uncollected Taxes	3.43	\$ 1,125,000
Total General Appropriations	100.00	\$32,760,259

D. General Revenues - Local Use:

	<u>Percent</u>	<u>Amount</u>
Revenue from Property Taxes*	74.33	\$24,399,667
Miscellaneous Revenues	15.73	\$ 5,035,592
Surplus Revenues	8.47	\$ 2,850,000
Delinquent Taxes	1.48	\$ 415,000
Total General Revenues	100.00	\$32,760,259

Note: County Assessment Ratio is 87.99 percent

* Includes Library Tax.

Non-Residential Costs - The 286 existing non-residential (commercial and industrial) parcels in Rutherford have a total estimated year end 2020 employment base of 7,600 jobs and were previously calculated to generate \$2,493,646 in allocated, tax-supported, local use costs, or \$328 per employee. Applying this non-residential cost factor of \$328 per employee to the 6 new jobs estimated to be generated by the new commercial space yields an allocated a local use cost of \$1,970 (6 x \$328= \$1,970).

Residential Costs - When the resident-based, tax-supported municipal appropriations of \$21,666,904 are allocated among the Borough's estimated year end 2020 residential population of 18,342 residents, an average per capita, tax-supported cost appropriation of \$1,181 is derived. Concentrated, higher-density residential developments, and particularly investor-owned and professionally-managed, income producing Class 4c (apartment) properties, where many services (streets and road maintenance, snow removal, garbage collection, etc) are provided by the property owner, will typically have "marginal" costs that are approximately 60 percent ² of the "average" per capita costs, or approximately \$709 per capita. Applying the marginal per capita local use appropriation of \$709 to the 251 new residents expect to reside within the mixed-use redevelopment yields an allocated local use appropriation of \$177,960. Combined with the calculated non-residential costs of \$1,970, the residential costs of \$177,960 yield a total, tax-supported, allocated local use cost of \$179,930.

Cost Allocations - The actual experience and distribution of the municipality's expenditures among its various budgetary components provides a basis for the allocation of the added costs estimated for the proposed redevelopment. For example, if salaries and wages are appropriated 35 percent of the municipality's expenditures prior to the new redevelopment, then 35 percent of the added costs and 35 percent of the resulting municipal costs may be allocated to this category. Rutherford Borough's current municipal budget appropriations, which furnish the statistical foundation for cost and revenue allocations, are tabulated in Section C of Table 9.

² In Rutherford Borough, the municipal appropriations likely to be affected by the proposed redevelopment account for 57.95 percent of total budgeted expenditures.

Utilizing the proportional appropriations observed in Rutherford Borough, the municipal costs attributable to the proposed redevelopment could be allocated to the pertinent cost categories. The allocation of added costs would reflect an annual allotment of estimated appropriations predicated upon Rutherford's existing levels of service and appropriations. The estimated tax-supported costs of \$179,930 amount to 0.74 percent of the tax-supported municipal appropriations that would be allocated to maintain the same level and quality of municipal services to the Borough's existing residential and non-residential properties.

The forecasted proportionate allocation takes into account factors associated with the lower costs attributable to the compact and self-contained nature of the proposed mixed-use redevelopment and economies of scale and efficiencies inherent in the addition of 6 employees and 251 persons to an estimated existing employment base and population base of 7,600 jobs and 18,342 persons, respectively. In this regard, the concentrated and self-contained nature of the proposed mixed-use redevelopment can be expected to have a reduced demand for municipal services relative to the "average" employee and resident in the municipality.

SCHOOL DISTRICT SERVICE COSTS

The number of public school students expected to be generated by the residential component of the proposed mixed-use redevelopment furnishes the statistical basis for this element of the anticipated fiscal impact of the proposed redevelopment. As previously discussed, and utilizing the “average” of the updated CUPR and available TOD multipliers for the 140 one- and two-bedroom housing units would be estimated to generate 4 public school students. Educational services for these students would be provided by the Rutherford School District, which provides educational services for students in grades K-12.

Rutherford Borough School District Costs

The fiscal impact resulting from the addition of the 4 new students to the school district has been statistically structured under the assumption that all new students were enrolled during 2020. The insertion of the anticipated students into a current enrollment situation is empirically preferable to the extent that it permits a more objective appraisal of the direct impact of the enrollment specific to the new redevelopment and also permits an analysis predicated upon known fiscal data and current (2020) dollars. The costs anticipated for the added enrollment of 4 students in the school district have been estimated on the basis of the actual reported per pupil appropriations for the 2020-21 school year.

During the 2020-21 school year, the Rutherford School District has budgeted total operating expenditures of \$48,985,651, of which \$43,340,827 (88.48 percent) is funded by property tax revenues, \$3,021,609 (6.17 percent) from State sources and \$2,623,215 (5.35 percent) from Fund Balance and other sources. Relative to the number of students "on roll" in the Rutherford School District, the expenditures amount to \$18,569 per student (see Table 5), of which \$16,429 per student is funded by property tax revenues. Applying the tax-supported school district cost of \$16,429 to the 4 new students estimated to be enrolled, yields an allocated, tax-supported school district cost of \$65,720 ($4 \times \$16,429 = \$65,720$).

COUNTY SERVICE COSTS

A broad range of services are furnished by the County government, its agencies, offices, and departments. These services, which are provided and available to all County residents without respect to municipality of residence, include the services of County Courts; Sheriff's office; various health, safety, and welfare programs; maintenance of County roads; County education services; County parks; recreational facilities; etc. The nature of the services provided by the County are such that its services, facilities, and operations are generally of countywide use and benefit, and the costs thereof are not allotted and cannot be segregated on a municipality-by-municipality basis. Therefore, it is difficult to specifically separate and determine the actual measure of benefit, and the costs attendant thereto, received by Rutherford Borough residents from Bergen County operations.

The absence of a direct cost/benefit relationship in the services supplied by the County does not preclude its analysis, but rather, focuses the correlations upon the actual manner in which County services are furnished and financed. Although County services are provided to the general public and, therefore, generate costs as a function of population (per capita), these services are not financed by the population, but through the assessment of a County Tax upon property valuations. A calculation of the estimated County costs and estimated County revenues resulting from the proposed mixed-use development in Rutherford Borough may also be derived from this bifurcated relationship between hypothetical costs and direct revenues .

County Costs

County services are provided primarily, and in some instances exclusively, for the benefit of County residents, with only a limited amount of services rendered to non-residential properties and non-resident employees. Because the vast majority of Bergen County's services and associated costs are furnished to and for the benefit of County residents, only a nominal and indirect relationship exists relative to non-residential properties and the employees thereof. Of the total County appropriations, only those activities involved with general government public safety, public works, and judiciary could reasonably be perceived as providing a service/benefit to non-residential properties and their employees. These types of County services, which are provided for the joint

benefit of residents and non-residents, account for approximately 34 percent of the total County expenditures, while the remaining 66 percent of Bergen County's expenditures are furnished exclusively for the County's residential population.

Non-Residential Costs - Although the majority of the County's tax-supported costs are provided for the benefit of the County's residents, some portion of the total tax-supported appropriations are attributable to non-residential properties. During 2020 approximately \$37.7 million of the County's total tax-supported appropriations of \$436.4 million would be allocated to the County's commercial and industrial properties with 403,840 estimated employees, yielding a non-residential (commercial/industrial) cost factor of \$93 per commercial/industrial employee. Applying this non-residential cost factor of \$93 per employee to the 6 new employees generated by the commercial space within the mixed-use redevelopment yields an allocated County non-residential cost of \$560 ($6 \times \$93 = \560).

Residential Costs - During 2020, \$395.3 million of Bergen County's tax-supported expenditures of \$436.1 million would be allocated to the County's resident population. With an estimated year-end 2020 resident population of 936,480 persons, the tax-supported residential expenditures would amount to \$422 for each of the County's residents at this time. Were this resident-based, tax-supported expense applied to the 251 new residents expected to reside within the proposed mixed-use redevelopment, tax-supported costs of \$105,920 would be hypothesized. The allocated residential costs of \$105,920 combined with the estimated non-residential service costs of \$560, yields a total County service cost of \$106,480.

Given the magnitude of Bergen County operations, the absence of a direct cost/revenue basis for the provision of County services and the fact that the added development would represent a nominal (0.03 percent) increase in the County's total population, it is unlikely that County costs would increase proportionately. To the contrary, it is probable that the added development could substantially be accommodated and serviced by existing County facilities, equipment, and personnel.

ANNUAL REVENUES

The proposed mixed-use redevelopment is located on a property that the Borough of Rutherford has designated as an area in need of redevelopment. Pursuant to the terms of a proposed Financial Agreement between the redeveloper and the Borough, the redeveloper will form an urban renewal entity that is qualified to do business under the provisions of the Long Term Tax Exemption Law, as set forth in *N.J.S.A. 40A:20-1 et seq.* Pursuant to the provisions of the Long Term Tax Exemption Law, the redeveloper will prepare a proposed Financial Agreement that would provide the Borough with an increased share of the total annual revenues generated by the proposed redevelopment

Current Revenues

Assessed Valuation - The development that is the subject of this fiscal assessment involves a proposal for the redevelopment of properties located along Union Avenue at its intersection with West Erie Avenue and the creation of 2,205 square feet of non-residential (retail) space, 140 residential housing units and associated parking facilities. The proposed redevelopment is located on 12 separate tax lots that have a current (2020) assessed valuation of \$4,572,200, consisting of a land assessment of \$3,230,700 and an improvement assessment of \$1,341,500:

**Proposed Mixed-Use Redevelopment Properties
Current Assessment**

<u>Block</u>	<u>Lots</u>	<u>Assessed Value</u>		
		<u>Land</u>	<u>Improvements</u>	<u>Total</u>
77	5, 6, 15, 16	\$1,173,300	\$ 0	\$1,173,300
78	1,1.02, 2, 5, 7, 14, 16, 18	<u>\$2,057,400</u>	<u>\$1,341,500³</u>	<u>\$3,398,900</u>
Totals		\$3,230,700	\$1,341,500	\$4,572,200

Current Property Tax Revenues - The proposed redevelopment properties, as indicated in the preceding tabulation, have a total current assessment of \$4,572,200. At the Borough's current property tax rates, the subject properties generate annual property tax revenues for the Borough of

³ Includes Block 78, Lot 1 qualifiers B01 and B02 (\$25,600).

Rutherford amounting to \$41,012 along with property tax revenues of \$76,447 for the school district and property tax revenues of \$12,894 for Bergen County. The total property tax revenues currently generated by the redevelopment properties amount to \$130,353 and are comprised of tax revenues of \$92,107 generated by the land assessment and tax revenues of \$38,246 attributable to the assessed value of the improvements on the property. The current annual property tax revenues are summarized in the following tabulation:

Proposed Mixed-Use Redevelopment Properties				
<u>Existing Use Property Tax Revenues</u>				
		<u>Land</u>	<u>Improvements</u>	<u>Total</u>
<u>Existing Assessment</u>		<u>\$3,230,700</u>	<u>\$1,341,500</u>	<u>\$4,572,200</u>
<u>Property Taxes/\$100</u>	<u>Rate</u>			
Borough	\$0.897	\$ 28,979	\$ 12,003	\$ 41,012
School District	\$1.672	\$ 54,017	\$ 22,430	\$ 76,447
<u>County</u>	<u>\$0.282</u>	<u>\$ 9,111</u>	<u>\$ 3,783</u>	<u>\$ 12,894</u>
Total	\$2.851	\$ 92,107	\$ 38,246	\$ 130,353

Financial Agreement With In Lieu Payments

The redevelopment proposed by M & M Realty Partners is located on properties that are situated within an area within the Borough of Rutherford has determined to be an "area in need of redevelopment" (West Erie Avenue, Union Avenue, Agnew Place and Chestnut Street Redevelopment Area) . Pursuant to the terms of a proposed Financial Agreement between the redeveloper and the Borough, the redeveloper will form an urban renewal entity ("Entity") that is qualified to do business under the provisions of the New Jersey laws providing for Payments In Lieu (PILOT Payments), as set forth in *N.J.S.A. 40A:20-1 et seq.*, for the commercial space and residential housing units to be redeveloped on the subject property.

The annual revenues that could be expected to be generated from the mixed-use redevelopment proposed for the subject property have been calculated to illustrate the Annual Service Charges and other payments to be paid to the Borough under the anticipated terms of a Financial Agreement between the urban renewal entity and the Borough of Rutherford. Pursuant to the provisions of *N.J.S.A. 40A:20-1 et seq.*, the annual payments may be calculated using the Annual

Gross Revenue method or (at the option of the municipality, or when the annual gross revenue cannot be reasonably ascertained) using the Project Cost method. To the extent that annual gross revenues for the retail space and rental apartments in the redevelopment can be readily calculated, the Annual Gross Revenue method has been used in this analysis.

Annual Gross Revenue Method

The proposed redevelopment, consisting of 2,205 square feet of non-residential (retail) space and 140 rental housing units, would be expected to generate Annual Gross Revenues amounting to \$3,735,837 when completed and occupied. These Annual Gross Revenues, which are detailed in the following tabulation, consist of Annual Gross Revenues of \$41,895 from the commercial space and \$3,693,942 from the residential units within the redevelopment plan. The total (combined) Annual Gross Revenues amount to \$3,735,837 and, with an Annual Service Charge amounting to 10.0 percent, would generate Annual Service Charges amounting to \$373,584:

<u>Estimated Annual Gross Revenues M & M at Rutherford Mixed-Use Redevelopment</u>					
	Size		Annual	Gross Revenue ⁴	Annual
<u>Commercial</u>	<u>(Sq Ft)</u>		<u>Per Sq Ft</u>	<u>Aggregate</u>	<u>10.0%</u>
Retail	2,205		\$20.00	\$ 41,895	\$ 4,190
	No.	Average	Annual	Gross Revenue	Annual
<u>Residential</u>	<u>Units</u>	<u>Rent/Mo</u>	<u>Per unit</u>	<u>Aggregate</u>	<u>10.0%</u>
Apt - 1BR	77	\$ 2,040	\$ 24,480	\$ 1,790,712	\$ 179,071
Apt - 2BR	63	\$ 2,650	\$ 31,800	\$ 1,903,230	\$ 190,323
Sub total	140	\$ 2,312	\$ 27,742	\$ 3,693,942	\$ 369,394
Total				\$ 3,735,837	\$ 373,584

Land Tax Credit - The property to be redeveloped is currently assessed at \$4,572,200 and pays annual taxes of \$130,353. The residential uses within the mixed-use redevelopment, pursuant

⁴Annual Gross Revenues are Gross Potential Rents less five percent vacancy

to N.J.S.A 40A:20-9b and N.J.S.A. 40A:20-12, would be exempt from ordinary taxes on the land and improvements, but the commercial space would receive an exemption only for the improvements while the land would be subject to ordinary taxes. Upon completion, it is likely that the property would be reassessed with the portion of the property used for commercial purposes having a land assessment amounting to approximately fifteen percent of the commercial assessment of \$388,036 (2,205 sf at \$200.00/sf = \$441,000 x 0.8799 = \$388,036), with 15 percent, or \$58,205, attributed to the commercial land. At the Borough's current tax rates, the total and the municipal portion of the commercial space land tax would amount to \$1,659 and \$52, respectively at the current total (\$2.851/\$100) and municipal (\$0.897/\$100) tax rates.

The completed redevelopment would be estimated to generate an Annual Service Charge of \$373,584 that, net of the commercial land taxes of \$1,659, would yield a net Annual Service Charge of \$371,925. After the land tax credit, the net Annual Service Charge amounts to \$371,925 of which 95.0 percent, or \$353,329, would be retained by the Borough of Rutherford. Bergen County would be entitled to an annual payment that amounts to the remainder (5.0 percent) of the net Annual Service Charge, or \$18,596.

Annual Administrative Fee - In addition to the Annual Service Charge, the non-residential space and the residential units within the redevelopment plan may pay the Borough of Rutherford an Annual Administrative Fee of up to 2.0 percent of the net Annual Service Charge, or \$7,438.

Annual In-Lieu Payments - The completed mixed-use redevelopment, pursuant to the provisions of a Financial Agreement, could be expected to make annual in-lieu payments to the Borough of Rutherford and Bergen County amounting to \$379,363. These payments would be distributed between the Borough of Rutherford (\$360,767) and the County (\$18,596) as detailed in the following tabulation:

**Proposed Mixed-Use Redevelopment
Annual Service Charges and Administrative Fees**

<u>Annual Service Charge</u>			<u>Admin</u>			<u>Total</u>
<u>Rutherford</u>	<u>Borough</u>	<u>County</u>	<u>Rutherford</u>	<u>Borough</u>	<u>Borough</u>	<u>Borough +</u>
<u>Total</u>	<u>Borough</u>	<u>County</u>	<u>Borough</u>	<u>Borough</u>	<u>Borough</u>	<u>County</u>
\$371,925	\$353,329	\$18,596	\$7,438	\$360,767	\$360,767	\$379,363

Total Annual Payments - With the inclusion of the land tax payments on the commercial land portion of the mixed-use redevelopment, which are estimated to amount to \$1,659, the proposed mixed-use redevelopment would be expected to generate total annual payments (ASC, Administrative Fees and Land Taxes) amounting to \$381,022:

Proposed Mixed-Use Redevelopment				
<u>Annual Revenues</u>				
<u>Source</u>	<u>Municipal</u>	<u>School District</u>	<u>County</u>	<u>Total</u>
Annual Service Charge	\$ 353,329	\$ 0	\$ 18,596	\$ 371,925
Administrative Fee	\$ 7,438	\$ 0	\$ 0	\$ 7,438
Land Taxes	\$ <u>522</u>	\$ <u>973</u>	\$ <u>164</u>	\$ <u>1,659</u>
Total	\$ 361,289	\$ 973	\$ 18,760	\$ 381,022

Annual Revenue Comparisons

The payments that the Borough of Rutherford would retain with the proposed tax exemption (\$361,289) are 8.81 times the property tax revenues of \$41,012 that the Borough currently receives from the redevelopment properties, are 1.48 times the property tax revenues of \$ 243,638⁵ that the Borough would receive with Ordinary Applicable Taxes and are 2.01 times the allocated municipal service costs of \$179,930:

Rutherford Mixed-Use Redevelopment	
Annual Revenue Summary and Comparison	
	Borough of Rutherford
<u>Existing Use</u>	\$ 41,012
<u>Proposed Redevelopment</u>	
Ordinary Taxes	\$243,638
PILOT Payments	\$361,289
Allocated Costs	\$179,930

During the 30-year term of the requested exemption, and as detailed in Table 10, the proposed redevelopment would make total annual payments to the Borough of Rutherford that amount to \$15,471,625, compared to \$9,883,926 with ordinary taxes.

⁵The completed mixed-use redevelopment, with a estimated project assessment of \$27,161,404, would generate municipal property tax revenues of \$243,638 at the current municipal property tax rate of \$0.897 per \$100 of assessed valuation.

TABLE 10

PROPOSED MIXED-USE REDEVELOPMENT
BOROUGH OF RUTHERFORD
PROJECTED TAX AND PILOT PAYMENTS

Year	PROJECT OAT Tot.	MINIMUM TAX	PROJECT OAT Municip.	LAND TAX		PROJECT AGR	PILOT 10.0%	Net of Land tax	Pilot Municip.	County Paymnts	Municipal Admin. Fee	Municipal * Payment	Minimum Muni Payment
				Total	Municip.								
1	774,372	Pilot	243,638	1,659	522	3,735,837	373,584	371,925	353,328	18,596	7,438	361,289	361,289
2	789,859	Pilot	248,511	1,692	532	3,810,554	381,055	379,363	360,395	18,968	7,587	368,515	368,515
3	805,657	Pilot	253,481	1,726	543	3,886,765	388,676	386,950	367,603	19,348	7,739	375,885	375,885
4	821,770	Pilot	258,551	1,761	554	3,964,500	396,450	394,689	374,955	19,734	7,894	383,403	383,403
5	838,205	Pilot	263,722	1,796	565	4,043,790	404,379	402,583	382,454	20,129	8,052	391,071	391,071
6	854,969	Pilot	268,996	1,832	576	4,124,666	412,467	410,635	390,103	20,532	8,213	398,892	398,892
7	872,069	Pilot	274,376	1,868	588	4,207,159	420,716	418,848	397,905	20,942	8,377	406,870	406,870
8	889,510	Pilot	279,863	1,906	600	4,291,302	429,130	427,225	405,863	21,361	8,544	415,007	415,007
9	907,300	Pilot	285,461	1,944	612	4,377,128	437,713	435,769	413,981	21,788	8,715	423,308	423,308
10	925,446	Pilot	291,170	1,983	624	4,464,671	446,467	444,484	422,260	22,224	8,890	431,774	431,774
11	943,955	Pilot	296,993	2,022	636	4,553,964	455,396	453,374	430,705	22,669	9,067	440,409	440,409
12	962,834	Pilot	302,933	2,063	649	4,645,044	464,504	462,442	439,320	23,122	9,249	449,217	449,217
13	982,091	Pilot	308,992	2,104	662	4,737,945	473,794	471,690	448,106	23,585	9,434	458,202	458,202
14	1,001,733	Pilot	315,172	2,146	675	4,832,704	483,270	481,124	457,068	24,056	9,622	467,366	467,366
15	1,021,767	Pilot	321,475	2,189	689	4,929,358	492,936	490,747	466,209	24,537	9,815	476,713	476,713
16	1,042,203	208,441	327,905	2,233	703	5,027,945	502,794	500,562	475,534	25,028	10,011	486,247	486,247
17	1,063,047	212,609	334,463	2,277	717	5,128,504	512,850	510,573	485,044	25,529	10,211	495,972	495,972
18	1,084,308	216,862	341,152	2,323	731	5,231,074	523,107	520,784	494,745	26,039	10,416	505,892	505,892
19	1,105,994	221,199	347,975	2,369	746	5,335,695	533,570	531,200	504,640	26,560	10,624	516,010	516,010
20	1,128,114	225,623	354,935	2,417	760	5,442,409	544,241	541,824	514,733	27,091	10,836	526,330	526,330
21	1,150,676	230,135	362,033	2,465	776	5,551,257	555,126	552,661	525,028	27,633	11,053	536,856	536,856
22	1,173,690	469,476	369,274	2,514	791	5,662,282	566,228	563,714	535,528	28,186	11,274	547,594	547,594
23	1,197,163	478,865	376,659	2,565	807	5,775,528	577,553	574,988	546,239	28,749	11,500	558,545	558,545
24	1,221,107	488,443	384,193	2,616	823	5,891,039	589,104	586,488	557,163	29,324	11,730	569,716	569,716
25	1,245,529	498,212	391,876	2,668	840	6,008,859	600,886	598,218	568,307	29,911	11,964	581,111	581,111
26	1,270,439	508,176	399,714	2,722	856	6,129,037	612,904	610,182	579,673	30,509	12,204	592,733	592,733
27	1,295,848	518,339	407,708	2,776	874	6,251,617	625,162	622,386	591,266	31,119	12,448	604,587	604,587
28	1,321,765	793,059	415,862	2,832	891	6,376,650	637,665	634,833	603,092	31,742	12,697	616,679	793,059
29	1,348,200	808,920	424,180	2,888	909	6,504,183	650,418	647,530	615,153	32,376	12,951	629,013	808,920
30	1,375,164	1,100,132	432,663	2,946	927	6,634,266	663,427	660,481	627,456	33,024	13,210	641,593	1,100,132
			9,883,926									14,656,799	15,471,625

FISCAL IMPACT OVERVIEW

In the preceding sections, the nature and magnitude of the proposed mixed-use redevelopment in the Borough of Rutherford relative to the existing community have been defined and quantified, and the prospective impact thereof upon the various services furnished by the municipality and school system have been determined. These services, and the costs allocated to the proposed redevelopment, were subsequently refined to illustrate the overall impact through cost/revenue analysis.

The results of these analyses, as summarized below, indicate that the completed redevelopment would, with the proposed tax exemption, generate Annual Service Charges, Administrative Fees and Land Taxes for the Borough of Rutherford totaling \$361,289. The annual revenues generated for the municipality with the proposed tax exemption (\$361,289) are 8.81 times the property tax revenues of \$41,012 currently paid to the Borough of Rutherford by the redevelopment properties and are 1.48 times the municipal tax revenues of \$243,638 that the Borough would receive with Ordinary Applicable Taxes. Significantly, the annual in-lieu payments (ASC, Administrative Fees and Land Taxes) to be paid to the Borough of Rutherford (\$361,289) exceed the municipal service costs (\$179,930) allocated to the proposed redevelopment, resulting in an annual net revenue surplus of \$181,359.

With Ordinary Applicable Taxes, the Borough of Rutherford would receive only 31.5 percent of the property tax revenues generated by the proposed redevelopment. The utilization of the provisions for tax-exemption would provide the Borough with 94.8 percent of the total annual revenues generated and an annual payment (361,289) that is 2.01 times the allocated municipal service costs of \$179,930 and also exceeds the combined municipal and school district costs of \$245,650 to yield a net revenue surplus of \$115,639.

In addition to these annual revenues generated by the mixed use redevelopment, the completed mixed-use redevelopment, which has an estimated equalized assessed value of \$30,427,740, would also be subject to an Affordable Housing Fee equal to 2.5 percent of the project value, and would provide a payment of \$760,694 ($\$30,427,740 \times 0.025 = \$760,694$) to the Borough's Affordable Housing Trust Fund.

ECONOMIC IMPACTS

In addition to the anticipated impact on the public sector operations (municipal, school and County), the proposed mixed-use redevelopment may also be expected to impact on certain private sector operations. The construction and occupancy of the non-residential and residential facilities on the development property in the Borough of Rutherford can be expected to result in primary and secondary impacts during the construction phase as well as in the completed, or operational, phase. These economic impacts include temporary (construction) and permanent employment, expenditure impacts for goods and services, the generation of personal disposable income and the accompanying personal consumption expenditures. Data developed by the U.S. Department of Commerce, Bureau of Labor Statistics (BLS) regarding the relationships and effects resulting from non-residential and residential construction and operations has been incorporated in a methodology⁶ for assessing economic impacts for new growth by the Urban Land Institute (ULI) and Center for Urban Policy Research (CUPR). Utilizing the ULI/CUPR input/output model, the proposed redevelopment in Rutherford is calculated to have the following impacts during both the construction phase and operational phase.

Construction Phase Impacts

Estimates of the construction stimulus to local economies may be calculated as a derivative of project value. The employment-generating effects of construction may be assessed in order to estimate the effects of private construction expenditures on jobs and materials. The studies by the Bureau of Labor Statistics and the refinement of the BLS data in the input/output models of the Urban Land Institute and the Center for Urban Policy Research yield anticipated construction impacts that are expressed in terms of the number of employee hours per \$1,000 value of construction; the percent of on-site employment hours by occupational group and skill level; the value of materials, equipment, and supplies per \$1,000 of construction cost; and the distribution of equipment and supplies per \$1,000 of cost.

⁶Development Impacts, Urban Land Institute and Center for Urban Policy Research, Economic Impact Analysis, Assessment Handbook.

The proposed mixed-use redevelopment, consisting of 2,205 square feet of commercial space and 140 multi-family rental housing units, can be expected to directly result in 62 on-site construction jobs during the construction phase. The ULI impact model further anticipates the distribution of employment between on-site and off-site construction; employment in the manufacture of construction products; trade, transportation, and services; and other employment. The total construction phase employment (on-site and off-site) is expected to generate payrolls of \$12.5 million and a disposable personal income of \$11.0 million. The construction of the mixed-use development plan can also be expected to result in the purchase of \$2.2 million of construction materials from within the region and \$6.8 million from outside the region.

Operational Impacts

The economic effects of the “steady state”, or completed and occupied mixed-use development, are measured by a derivative of input/output analysis that interprets the effects of the new development on other service providers in the local market area. For the long run, there are direct, indirect and induced effects. In the operational phase, the direct effects consist of permanent jobs created and spending associated with both the operation of the completed redevelopment plan as well as spending by its employees and residents. There are also significant indirect effects that emerge because employees and households positively impacted by growth have increased wealth to distribute throughout the economy. This will lead to more sales by businesses and more revenue due to the taxes levied on sales, as well as corporate profits. The secondary and tertiary “induced” effects, which are most significant to the macro state economy, are not calculated herein.

When completed, the proposed mixed-use development is estimated to be the location of 6 employees and 140 households, with an aggregate disposable personal income of \$11.7 million. Economic ratios of retail expenditures as a proportion of total personal income indicate that the operational (occupied) phase of the proposed redevelopment will generate \$10.7 million in annual personal expenditures, including expenditures of \$1.8 million for shopping goods, \$2.5 million for convenience goods, and an additional \$6.4 million in consumption expenditures. The economic impacts expected to result from the completion of the proposed mixed-use development in Rutherford during the construction and operating phases are summarized on Table 11.

TABLE 11

**ECONOMIC IMPACT SUMMARY
MIXED-USE REDEVELOPMENT
IN RUTHERFORD BOROUGH**

		Project
I. <u>PROJECT</u>		<u>Value</u>
Commercial Space	(2,205 sf @ \$ 200.00)	\$ 441,000
Residential	(140 DU @ \$217,341)	\$ <u>30,427,700</u>
Estimated Value		\$ 30,868,720
II. <u>ECONOMIC IMPACT</u>		
A. <u>Construction Phase</u> (temporary)		
Contract Construction		\$ 21,608,100
<u>Material Purchases</u>		\$ <u>9,075,400</u>
Within Region		\$ 2,268,800
Outside Region		\$ 6,806,600
<u>Employment</u>	<u>Labor Hours</u>	<u>Jobs</u>
On-Site Construction	125,070	62
Off-Site Construction	18,950	9
Manufacturing	107,500	54
Trade, Trans & Services	66,840	34
Other	<u>26,180</u>	<u>13</u>
Total	344,540	172
<u>Earnings</u>		
Wages		\$12,532,400
Disposable Personal Income		\$11,028,700
B. <u>Operation Phase</u> (Permanent)		
Employees		6
Households		140
Disposable Personal Income		\$11,677,800
Personal Expenditures		\$10,743,600
Shopping Goods		\$ 1,837,200
Convenience Goods		\$ 2,492,500
Consumption Goods		\$ 6,413,900

APPENDIX 1
CUPR Updated 2018 New Jersey Demographic Multipliers
Total Population

TOTAL PERSONS AND PERSONS BY AGE (continued) (Newer housing units built 2000-2016, from 2012-2016 ACS)

STRUCTURE TYPE/ BEDROOMS	TOTAL PERSONS	AGE							
		0-4	5-17	18-34	35-44	45-54	55-64	65-74	75+
5-49 Units (Own), 0-1 BR									
All Values	1.352	0.031	0.012	0.314	0.377	0.189	0.081	0.193	0.155
Below Median \$210,000	1.254	0.000	0.021	0.063	0.340	0.216	0.099	0.280	0.234
Above Median \$210,000	1.475	0.070	0.000	0.631	0.423	0.154	0.059	0.084	0.055
5-49 Units (Own), 2 BR									
All Values	1.796	0.104	0.086	0.356	0.280	0.164	0.192	0.355	0.259
Below Median \$289,000	1.711	0.101	0.096	0.367	0.275	0.173	0.188	0.291	0.219
Above Median \$289,000	1.889	0.107	0.074	0.344	0.285	0.154	0.197	0.424	0.303
5-49 Units (Own), 3 BR									
All Values	2.362	0.184	0.325	0.521	0.394	0.372	0.291	0.158	0.117
Below Median \$303,000	2.207	0.190	0.207	0.639	0.336	0.305	0.279	0.098	0.153
Above Median \$303,000	2.554	0.176	0.471	0.377	0.465	0.454	0.307	0.232	0.072
5-49 Units (Rent), 0-1 BR									
All Values	1.568	0.064	0.127	0.507	0.218	0.173	0.190	0.144	0.147
Below Median \$119,000	1.479	0.054	0.111	0.340	0.165	0.224	0.242	0.184	0.157
Above Median \$119,000	1.662	0.074	0.143	0.681	0.272	0.118	0.135	0.102	0.136
5-49 Units (Rent), 2 BR									
All Values	2.512	0.263	0.368	0.865	0.420	0.245	0.170	0.101	0.080
Below Median \$185,000	2.660	0.314	0.492	0.847	0.411	0.283	0.161	0.091	0.060
Above Median \$185,000	2.359	0.211	0.239	0.882	0.430	0.206	0.180	0.112	0.100
5-49 Units (Rent), 3 BR									
All Values	3.571	0.351	0.995	1.043	0.609	0.351	0.157	0.056	0.010
Below Median \$178,000	3.722	0.454	1.202	0.886	0.643	0.304	0.136	0.078	0.019
Above Median \$178,000	3.406	0.238	0.767	1.215	0.571	0.403	0.181	0.031	0.000
50+ Units (Own), 0-1 BR									
All Values	1.318	0.052	0.003	0.339	0.336	0.073	0.096	0.089	0.319
Below Median \$314,000	1.206	0.049	0.000	0.195	0.226	0.041	0.075	0.078	0.540
Above Median \$314,000	1.443	0.077	0.007	0.497	0.457	0.108	0.120	0.102	0.075
50+ Units (Own), 2 BR									
All Values	2.011	0.207	0.078	0.469	0.417	0.164	0.193	0.146	0.337
Below Median \$500,000	1.689	0.079	0.022	0.256	0.169	0.098	0.237	0.224	0.605
Above Median \$500,000	2.356	0.345	0.138	0.698	0.684	0.235	0.147	0.061	0.048
50+ Units (Own), 3 BR									
All Values	2.944	0.524	0.212	0.499	0.795	0.186	0.313	0.344	0.070
Below Median \$836,000	3.007	0.516	0.127	0.626	0.683	0.182	0.374	0.387	0.112
Above Median \$836,000	2.840	0.537	0.352	0.291	0.980	0.193	0.213	0.275	0.000
50+ Units (Rent), 0-1 BR									
All Values	1.392	0.041	0.020	0.505	0.185	0.086	0.106	0.159	0.291
Below Median \$178,000	1.236	0.029	0.032	0.176	0.047	0.068	0.150	0.287	0.447
Above Median \$178,000	1.551	0.052	0.008	0.840	0.326	0.103	0.062	0.028	0.132
50+ Units (Rent), 2 BR									
All Values	2.243	0.178	0.148	0.896	0.398	0.162	0.129	0.111	0.221
Below Median \$281,000	2.134	0.101	0.198	0.764	0.257	0.168	0.153	0.171	0.322
Above Median \$281,000	2.355	0.257	0.096	1.032	0.543	0.155	0.105	0.049	0.118
50+ Units (Rent), 3 BR									
All Values	3.480	0.335	0.654	1.290	0.459	0.401	0.214	0.112	0.016
Below Median \$316,000	3.627	0.372	0.933	1.388	0.525	0.328	0.048	0.033	0.000
Above Median \$316,000	3.289	0.287	0.289	1.161	0.373	0.498	0.430	0.215	0.036

APPENDIX 2
CUPR Updated 2018 New Jersey Demographic Multipliers
Public School Children

PUBLIC SCHOOL CHILDREN (PSC) (continued) (Newer housing units built 2000-2016, from 2012-2016 ACS)

STRUCTURE TYPE/ BEDROOMS VALUE/TENURE	TOTAL PSC	PUBLIC SCHOOL GRADE		
		Elementary (K-5)	Junior High School (6-8)	High School (9-12)
5-49 Units (Own), 0-1 BR				
All Values	0.012	0.012	0.000	0.000
Below Median \$210,000	0.021	0.021	0.000	0.000
Above Median \$210,000	0.000	0.000	0.000	0.000
5-49 Units (Own), 2 BR				
All Values	0.058	0.035	0.015	0.008
Below Median \$289,000	0.078	0.045	0.017	0.016
Above Median \$289,000	0.036	0.024	0.013	0.000
5-49 Units (Own), 3 BR				
All Values	0.221	0.088	0.021	0.112
Below Median \$303,000	0.207	0.026	0.026	0.155
Above Median \$303,000	0.237	0.164	0.015	0.058
5-49 Units (Rent), 0-1 BR				
All Values	0.127	0.058	0.020	0.048
Below Median \$119,000	0.111	0.051	0.015	0.045
Above Median \$119,000	0.143	0.065	0.026	0.051
5-49 Units (Rent), 2 BR				
All Values	0.339	0.198	0.057	0.083
Below Median \$185,000	0.477	0.255	0.092	0.130
Above Median \$185,000	0.196	0.140	0.022	0.034
5-49 Units (Rent), 3 BR				
All Values	0.821	0.346	0.232	0.242
Below Median \$178,000	1.018	0.385	0.337	0.297
Above Median \$178,000	0.604	0.304	0.117	0.183
50+ Units (Own), 0-1 BR				
All Values	0.003	0.003	0.000	0.000
Below Median \$314,000	0.000	0.000	0.000	0.000
Above Median \$314,000	0.007	0.007	0.000	0.000
50+ Units (Own), 2 BR				
All Values	0.039	0.034	0.005	0.000
Below Median \$500,000	0.009	0.000	0.009	0.000
Above Median \$500,000	0.071	0.071	0.000	0.000
50+ Units (Own), 3 BR				
All Values	0.074	0.074	0.000	0.000
Below Median \$836,000	0.082	0.082	0.000	0.000
Above Median \$836,000	0.061	0.061	0.000	0.000
50+ Units (Rent), 0-1 BR				
All Values	0.018	0.011	0.004	0.003
Below Median \$178,000	0.032	0.020	0.006	0.006
Above Median \$178,000	0.004	0.003	0.001	0.000
50+ Units (Rent), 2 BR				
All Values	0.130	0.065	0.027	0.038
Below Median \$281,000	0.193	0.084	0.042	0.067
Above Median \$281,000	0.065	0.045	0.011	0.009
50+ Units (Rent), 3 BR				
All Values	0.614	0.227	0.178	0.209
Below Median \$316,000	0.896	0.343	0.219	0.334
Above Median \$316,000	0.245	0.076	0.125	0.044

APPENDIX 3

Transit-Oriented Development Multipliers

Public School Children Generation from Selected Transit-Oriented Developments (TODs) in New Jersey

PROJECT PROFILE			SIZE	PUPIL GENERATION	PUPIL MULTIPLIERS
<i>Project Name</i>	<i>Location</i>	<i>Tenure</i>	<i>Number of Units</i>	<i>Public School Children</i>	<i>Public School Children Multiplier^a</i>
1. Jacobis Ferry	West New York	Rental	254	0	0.00
2. Riverwatch	New Brunswick	Rental	200	1	0.01
3. Chancery Square	Morristown	Rental	131	1	0.01
4. Franklin Square	Metuchen	Rental	105	10	0.10
5. Gaslight Commons	South Orange	Rental	200	6	0.03
6. Riverbend I	West New York	Rental	302	5	0.02
7. Riverbend II	West New York	Rental	212	4	0.02
8. Riverside West	West New York	Rental	344	5	0.01
9. Harbor Place	West New York	Rental	20	9	0.45
10. Highlands at Plaza Square	New Brunswick	Rental	415	6	0.01
TOTAL			2,183	47	0.02

Note: a. Equals public school children divided by the number of housing units.

Source: Project profile and size information was derived from the developers of the indicated TODs. Public school children data from each TOD was obtained by contacting the public school district(s) serving the respective TODs.

APPENDIX 4

**PROJECT COST ALLOCATION
PROPOSED MIXED-USE REDEVELOPMENT
BOROUGH OF RUTHERFORD, BERGEN COUNTY
2020 MUNICIPAL BUDGET**

	Budget	<u>Percent</u>	<u>Project Allocation</u>
General Government	\$ 1,703,950	5.20	
Land Use Admin	\$ 141,700*	0.43	0.43
Uniform Const Code	\$ 225,850	0.69	0.69
Insurance	\$ 5,065,000	15.46	
Public Safety	\$ 7,281,834	22.23	22.23
Public Works	\$ 5,247,147	16.02	16.02
Health & Human Svcs	\$ 567,260	1.73	1.73
Parks & Recreation	\$ 923,085	2.82	2.82
Education/Library	\$ 1,159,407	3.54	3.54
Unclassified	\$ 335,000	1.02	0.00
Utilities & Bulk Purchases	\$ 996,288	3.04	
Landfill/Solid Waste	\$ 930,000	2.84	
Contingency	\$ 5,000	0.02	0.00
Statutory Expend	\$ 2,818,196	8.60	8.60
Judgements	\$ 0	0.00	
Shared Services	\$ 362,898	1.11	1.11
Courts	\$ 245,050	0.75	0.75
Capital Improvements	\$ 1,430,000	4.37	
Debt Service	\$ 2,186,697	6.67	
Deferred Charges	\$ 11,386	0.03	0.03
Reserve for Uncoll Taxes	\$ 1,125,000	3.43	
Surplus General Budget	\$ <u>0</u>	<u>0.00</u>	<u> </u>
Total	\$32,760,259	100.00	57.95

FORM OF FINANCIAL AGREEMENT

The appropriate form of Financial Agreement should be attached to this application.

FINANCIAL AGREEMENT FOR LONG TERM TAX EXEMPTION

THIS FINANCIAL AGREEMENT (hereinafter "Agreement") is effective this ___ day of _____, 2021 between **M & M AT RUTHERFORD URBAN RENEWAL COMPANY, LLC**, qualified as an urban renewal entity under the provisions of the New Jersey Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., as now or hereafter amended, having its offices at 1260 Stelton Road, Piscataway, NJ 08854 (hereinafter referred to as the "Redeveloper"), and the **BOROUGH OF RUTHERFORD**, a public body corporate and politic of the State of New Jersey, with offices at 176 Park Avenue, Rutherford, New Jersey 07070, and its successors and assigns (the "Borough")

RECITALS:

WHEREAS, by Resolution 210-2016, adopted on September 26, 2016, the Mayor and Council of the Borough (the "Mayor and Council") designated the area consisting of Block 76, Lot 32, Block 77, Lots 5, 6, 15, 16 & 18, Block 78, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 & 20, and Agnew Place from Union Avenue to Erie Avenue (collectively, the "Agnew Place Redevelopment Area") as an area in need of redevelopment under the LRHL; and

WHEREAS, by Resolution 210-2016, the Mayor and Council also determined to create redevelopment plans for the Agnew Place Redevelopment Area; and

WHEREAS, by Ordinance No. 3495-2019 adopted April 22, 2019, the Mayor and Council adopted that certain redevelopment plan (the "Redevelopment Plan A"), prepared by Neglia Engineering Associates, in connection with the portion of the Agnew Place Redevelopment Area consisting of Block 77, Lots 5, 6, 15 and 16, Block 78, Lots 1, 1.02, 2, 5, 7, 14, 16 and 18, and the Agnew Place right-of-way that separates Blocks 77 and 78 (collectively, the "Redevelopment Area", which is more particularly described in **Exhibit A** hereto); and

WHEREAS, by Resolution 262-2016, adopted on August 12, 2019 and again on November 9, 2020 by Resolution 177-2020, the Mayor and Council designated the Redeveloper as the Conditional Redeveloper of the Redevelopment Area, subject only to the entry into a Redeveloper Agreement; and

WHEREAS, the Borough entered into a Redeveloper Agreement dated _____, 2021 with the Redeveloper (the "Redevelopment Agreement");

WHEREAS, pursuant to the Redevelopment Agreement, the Redeveloper plans to construct a multi-use commercial and residential development, consisting of approximately 140 residential units (the "Residential Component") and approximately 2,205 square feet of commercial space (the "Commercial Component") including a two-level parking structure (collectively, the "Project"), on the Redevelopment Area, and

WHEREAS, N.J.S.A. 40A:20-1 et seq., as now or hereafter amended (the "Exemption Law"), permits a municipality to exempt from the payment of real estate taxes, for a limited period of time, improvements made in the redevelopment of a redevelopment area and, in connection with a residential component of the project, the land on which such portion of the project is constructed, subject to the terms and conditions of a financial agreement complying with the requirements of N.J.S.A. 40A:20-9 to 12, and

WHEREAS, the Redeveloper has applied to the Mayor and the Borough Council for a tax exemption pursuant to the Exemption Law with respect to the Project, dated September ____, 2021 (the "Application"), and

WHEREAS, by Ordinance No. ____ adopted on October ____, 2021 (the "Ordinance"), a copy of which is attached hereto as **Exhibit B**, the Borough Council approved the Application and granted the tax exemption outlined therein, and authorized the execution of this Agreement to set forth in detail the parties' mutual rights and obligations with respect to the tax exemption applicable to the Project.

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

1. General Definitions

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

Allowable Net Profit - The amount arrived at by applying the Allowable Profit Rate to the Total Project Cost pursuant to the provisions of the Exemption Law.

Allowable Profit Rate - The Allowable Profit Rate for the purpose of this Agreement means the greater of 12% or the percentage per annum arrived at by adding 1 1/4 % to the annual interest percentage rate payable on the Redeveloper'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 Bergen County, New Jersey.

Annual Gross Revenue — Annual gross revenue or gross shelter rent or annual gross rents, as appropriate, and other income for the Redeveloper, calculated in accordance with N.J.S.A. 40A:20-3, provided that any gain realized by the Redeveloper on the sale of all or any portion of the Project in fee simple, whether or not taxable under Federal or State law, shall not be included in computing Annual Gross Revenue.

Annual Service Charge - The annual amount the Redeveloper has agreed to pay the Borough in lieu of full taxation on the Improvements (as defined herein) pursuant to Section 5 of this Agreement.

Application - as defined in the Recitals.

Auditor's Report - A complete financial statement outlining the financial status of the Project for the period referenced therein, the contents of which have been prepared in a manner consistent with the current standards of generally accepted accounting principles, consistently applied and which fully details all items as required by all State statutes and which has been certified as to its conformance with such standards by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

Borough - As defined in the Preamble.

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

Commercial Component – As defined in the Recitals.

Commercial Land - The portion of the Land upon which the Commercial Component shall be constructed.

Commercial Land Taxes – The amount of Land Taxes due in connection with the Commercial Land.

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

Effective Date of Termination - As defined in Section 12(c).

Event of Default - As defined in Section 18.

Exemption Law — As defined in the Recitals.

Improvements - Any building, structure or fixture permanently affixed to the Property.

In Rem Tax Foreclosure - A summary proceeding by which the Borough may enforce the lien for taxes due and owing by a tax sale, pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:55-1 et seq.

Land - The land upon which the Project shall be located, identified as Block 77, Lots 5, 6, 15 and 16, Block 78, Lots 1, 1.02, 2, 5, 7, 14, 16 and 18, and the Agnew Place right-of-way that separates Blocks 77 and 78 and associated alleyway.

Land Tax Credit - As defined in Section 6(a), to the extent applicable.

Land Taxes - The amount of conventional real estate taxes assessed on the value of the Land, to the extent applicable. The term shall include the Commercial Land Taxes and, to the extent applicable, the Residential Land Taxes.

Land Tax Payments - Payments made on the quarterly due dates for Land Taxes, if any, as determined by the tax assessor and the tax collector of the Borough.

Minimum Annual Service Charge - The amount of the total taxes levied against the Property in the last full tax year, if any, that such property was subject to taxation. The Minimum Annual Service Charge shall be paid in each year in which the Annual Service Charge would be less than the Minimum Annual Service Charge.

Net Profit - means the Annual Gross Revenue of the Redeveloper less all operating and non-operating expenses of the Redeveloper, all determined in accordance with generally accepted accounting principles and N.J.S.A. 40A:20-3(c).

Project - As defined in the Recitals.

Property - As defined in the Recitals.

Redeveloper - As defined in the Preamble.

Redevelopment Agreement - As defined in the Recitals.

Redevelopment Area - As defined in the Recitals.

Residential Component – As defined in the Recitals.

Residential Land - The portion of the Land upon which the Residential Component shall be constructed.

Residential Land Taxes – The amount of Land Taxes due in connection with the Residential Land, if applicable.

Substantial Completion - The determination by the Borough that the Project is ready for the use intended and the issuance of a Certificate of Occupancy.

Total Project Cost - As defined in N.J.S.A. 40A:20-3(h).

2. Borough's Findings. Pursuant to N.J.S.A. 40A:20-11, the Borough makes the following findings with respect to the tax exemption granted in this Agreement:

(a) The exemption provided herein will benefit the Borough and its inhabitants by supporting the development of the Project, which will enhance and revitalize the Redevelopment Area, and will promote the public health, safety, roads and welfare of the Borough and its inhabitants. The

Project will include construction of a commercial and residential development and a two (2) tier parking structure. These benefits will substantially outweigh any costs to the Borough associated with the tax exemption. The Annual Service Charge required to be paid pursuant to this Agreement will be at least equal to the amount of total taxes levied against the real property within the Redevelopment Area in the last full tax year in which such real property was subject to taxation. The Project will create approximately ___ construction jobs and approximately 6 permanent jobs. The Project will generate significant amounts of new municipal revenues through the Annual Service Charge and water/sewer fees.

(b) The tax exemption permits the private mixed-use development of underutilized property and provides a stream of revenue in the form of the Annual Service Charge. The relative stability and predictability of the Annual Service Charge will allow the owners and, by extension, the occupants, of the Project to stabilize their expenses, which will ensure the likelihood of the success of the Project and ensure that it will have a positive impact on the surrounding area. Further, the relative stability and predictability of the Annual Service Charge makes the Project more attractive to investors and lenders needed to finance the Project. The tax exemption permits the development of the Project in an area that cannot otherwise be developed by reducing the expenses associated with the operation of the Project. The tax exemption granted under this Agreement is important to the Borough for the reasons set forth above. The Project would not be undertaken without the incentive of the tax exemption granted under this Agreement.

3. Redevelopment of the Property. The Redeveloper agrees to undertake the Project in accordance with the Redevelopment Agreement. The Redeveloper agrees to acquire, plan, develop, construct, alter, maintain and operate the Project in accordance with N.J.S.A. 40A:20-4.

4. Tax Exemption. All Improvements constituting the Project and, pursuant to N.J.S.A. 40A:20-12, the Residential Land, shall be exempt from taxation, pursuant to the Ordinance, in accordance with the provisions of the Exemption Law and in the manner provided by this Agreement. So long as there is compliance with the Exemption Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect until the earlier of: (i) thirty-five (35) years from the date of full execution by the Redeveloper and the Borough of this Agreement; or (ii) thirty (30) years from the date of Substantial Completion of the Project, and shall continue in force only while the Project is leased or operated by an urban renewal entity formed under the Exemption Law, after which time the tax exemption for the Project and the Residential Land shall expire and the Property and Improvements shall thereafter be assessed and taxed according to the general law applicable to other nonexempt property in the Borough. Notwithstanding the foregoing, the term of the tax exemption shall be subject to Section 12 hereof. After expiration of the term hereof, all restrictions and limitations upon the Redeveloper shall terminate upon the Redeveloper's rendering and the Borough's acceptance of its final accounting, pursuant to N.J.S.A. 40A:20-13. In the event of termination of the tax exemption described in this Agreement, pursuant to the terms of this Agreement, the date of such termination shall be deemed to be the end of the fiscal year of the Redeveloper.

5. Annual Service Charge.

(a) In consideration of the aforesaid exemption from taxation on the Improvements and the Residential Land, the Redeveloper shall pay to the Borough the Annual Service Charge. The Borough and the Redeveloper hereby agree that during the fifteen (15) year period following Substantial Completion of the Project ("Stage One"), the Annual Service Charge shall be ten percent (10%) of the Annual Gross Revenue of the Project, or the Minimum Annual Service Charge, whichever is greater. Commencing upon the sixteenth (16th) anniversary of the date of Substantial Completion of the Project, the Annual Service Charge for the remainder of the period of exemption shall be determined as follows, in accordance with N.J.S.A. 40A:20-12(b):

a. Stage Two: For the sixteenth (16th) year and for each of the five (5) years succeeding thereafter through and including the twenty first (21st) year after Substantial Completion, an amount equal to the greater of (i) ten (10%) percent of the Annual Gross Revenue of the Project or (ii) twenty (20%) percent of the amount of the taxes otherwise due on the Land and Improvements;

b. Stage Three: For the twenty second (22nd) year and for each of the five (5) years succeeding thereafter through and including the twenty seventh (27th) year after Substantial Completion, an amount equal to the greater of (i) ten (10%) percent of the Annual Gross Revenue of the Project, or (ii) forty (40%) percent of the amount of the taxes otherwise due on the Land and Improvements;

c. Stage Four: For the twenty eighth (28th) year and through and including the twenty ninth (29th) year after Substantial Completion, an amount equal to the greater of (i) ten (10%) percent of the Annual Gross Revenue of the Project, or (ii) sixty (60%) percent of the amount of the taxes otherwise due on the Land and Improvements.

d. Final Stage: For the thirtieth (30th) year after Substantial Completion, an amount equal to the greater of (i) ten (10%) percent of the Annual Gross Revenue of the Project, or (ii) eighty (80%) percent of the amount of the taxes otherwise due on the Land and Improvements.

(b) The Annual Service Charge shall be calculated from the first day of the month following the issuance by the Borough of a Certificate of Occupancy for the Project, and shall be adjusted from time to time based upon the submission by the Redeveloper of an annual certified financial audit. The Minimum Annual Service Charge shall not be reduced through any tax appeal on Land and/or Improvements during the period that this Agreement shall be in force.

(c) The Annual Service Charge shall be paid in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each Borough fiscal year. In the event that the Redeveloper fails to so pay, the amount unpaid shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens until paid.

6. Land Tax Credit and Tax Payments.

(a) The Redeveloper shall be entitled to a credit for the amount, without interest, of the Land Taxes, if any, paid by it in the last four (4) preceding quarterly installments against the Annual Service Charge ("Land Tax Credit").

(b) The Borough shall invoice the Redeveloper for payment of the Annual Service Charge in quarterly installments on those dates when real estate tax payments are due.

(c) The Redeveloper's failure to make the requisite Annual Service Charge payment in a timely manner shall constitute a violation and breach of this Agreement and the Borough shall, among its other remedies, have the right to proceed with an In Rem Tax Foreclosure. In addition, the Borough may terminate this Agreement by duly authorized action of the governing body after having provided the Redeveloper with a written notice of default (the "Notice"), which Notice shall provide a ten (10) day right to cure period for the Redeveloper.

(d) The Redeveloper is required to make payment of both the Annual Service Charge and, to the extent applicable, the Land Tax Payments. In any year that the Redeveloper fails to make any Land Tax Payments when due and owing, such delinquency shall render the Redeveloper ineligible for any Land Tax Credit against the Annual Service Charge. The Redeveloper is required to pay the full Land Tax Payment and no credits will be applied against the Annual Service Charge for partial payments of Land Taxes.

(e) In the event the exemption of the Residential Land required under N.J.S.A. 40A:20-12 is invalidated by a court of competent jurisdiction, the parties agree that this Agreement

shall remain valid and in full force and effect, and shall be reformed to provide that Land Taxes are assessed on the entirety of the Land. In such case, the payment for Land Taxes shall be applied as a credit against the Annual Service Charge for the subsequent year. In any year that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any land tax credits against the Annual Service Charge.

(f) In the event the exemption of the Residential Land authorized under N.J.S.A. 40A:20-12 is invalidated as described in Section 6(e), all Land Taxes, shall be separately assessed for the entirety of the Land, and shall be assessed only on the Land without regard to any Improvements or increase in value to the Land because of the Improvements. In such event, the Entity will be required to make payment of both the Annual Service Charge and the Land Tax Payments. The Entity will be required to pay the full Land Tax Payments in any given year, and no credits will be applied against the Annual Service Charge for partial payment of the Land Taxes. The Entity's failure to make the requisite Annual Service Charge payment and/or the requisite Land Tax Payment, if any and as applicable, in a timely manner shall constitute a violation and breach of this Agreement. The Borough shall, among its other remedies, have the right to proceed against the Land pursuant to the Tax Sale Law and/or may declare a Default under this Agreement upon sixty (60) days written notice to the Entity.

7. Intentionally Omitted.

8. Dispute Resolution. If this Agreement is breached by either of the parties hereto or a dispute arises between the parties in reference to the terms and provisions of this Agreement, the parties shall have the right to submit the dispute to mediation and then to arbitration before a retired Judge of the New Jersey Superior Court . Costs for said arbitration shall be borne equally by the parties. The determination by such retired Judge shall have the same force and effect as an Order of the Superior Court of New Jersey. An appeal from such determination shall be directly to the Appellate Division, and not to

the Superior Court as a de novo hearing. 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 is pertinent to this Agreement, as if the Annual Service Charge were taxes or municipal liens on land. In such event, however, the Redeveloper does not waive any defense it may have to contest the right of the Borough to proceed in the above mentioned manner by conventional or In Rem Tax Foreclosure.

9. Excess Net Profits of Redeveloper and Distribution. During the period of tax exemption granted under this Agreement, the Redeveloper shall pay over its Net Profit in excess of Allowable Net Profits, if any, to the Borough within ninety (90) days after the close of its fiscal year. Net Profits shall be calculated pursuant to the Exemption Law, in particular, N.J. S.A. 40A:20-3 and 15. *For the purpose of this section, the calculation of the Redeveloper's excess net profits shall include those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded from Total Project Costs pursuant to the Exemption Law.*

The Redeveloper shall not make any distribution of profits, or pay or declare any dividend or other distribution on any shares of any class of its stock, unless, after giving effect thereto, the Allowable Net Profit for the fiscal period, and preceding the date of the proposed dividend or distribution, would equal or exceed the aggregate amount of all dividends and other distributions paid or declared on any shares of its stock since its incorporation or establishment.

10. Permitted Reserves. The Redeveloper may maintain during the term of this Agreement a reserve against vacancies, unpaid rentals, and contingencies in an amount not to exceed ten percent (10%) of the Annual Gross Revenue for the last full fiscal year preceding the annual determination with respect to Net Profits, pursuant to N.J.S.A. 40A:20-16. The Redeveloper may retain sufficient Net Profits each year to eliminate any deficiency in the reserve.

11. Intentionally Omitted.

12. Termination of Agreement.

(a) Voluntary Termination by the Redeveloper. The Redeveloper, at any time after the expiration of one (1) year from Substantial Completion of the Project, may relinquish its status as an urban renewal entity as defined in N.J.S.A. 40A:20-3(g). Notice of such election shall be given to the Borough in writing and shall: (a) state the date designated for the relinquishment of its status as an urban renewal entity under the Exemption Law; and (b) provide confirmation that the Commissioner of the Department of Community Affairs has consented to the relinquishment. As of the date of any such relinquishment by the Redeveloper, the tax exemption, service charges, and the profit and dividend restrictions contemplated by this Agreement shall terminate,

(b) Termination as to Residential Component and Commercial Components of Condominium. As further provided in Section 15(e) hereof, the Redeveloper shall have the right to devote the Project to the condominium form of ownership. Upon the recording of a master deed in the land records of Bergen County creating such condominium, the following provisions shall apply:

(i) Residential Component. This Agreement shall terminate, if the term hereof has not already lapsed pursuant to Section 4 hereof, as to each individual condominium unit in the Residential Component (as such term is defined in Section 15(e) hereof) upon conveyance of such unit to a third party (but not as to the balance of the Residential Component until ninety percent (90%) of the units in the Residential Component have been conveyed), but not as to the Commercial Components (as such term is defined in Section 15(e) hereof). Upon such termination of this Agreement as to any individual residential unit, the subject unit will return to the tax rolls and shall be deemed ineligible for the tax exemption provided herein. Upon the conveyance of ninety percent (90%) of the units in the Residential Component (but not as to the Commercial Components), provided the term hereof has not already lapsed, this Agreement shall terminate as to the Residential Component of the Project, the entire Residential Component shall return to the tax rolls and the tax exemption, service charges, and the

profit and dividend restrictions contemplated by this Agreement shall terminate as to the entire Residential Component of the Project, including any unsold units.

(ii) Commercial Components. In the event the Project is devoted to the condominium form of ownership, and such condominium contains one or more Commercial Components, each unit within the Commercial Components shall continue to be subject to this Agreement and the tax exemption provided hereunder, even after the sale of such commercial unit to an individual purchaser, provided that prior thereto and as required by N.J.S.A. 40A:20-14(d), the Borough and the Redeveloper enter into an amendment to this Agreement in which each such commercial unit is assigned a proportionate interest in the Property proportionate to the percentage interests in the common elements of the condominium assigned to such units in the relevant master deed(s). Moreover, for the purposes of determining the Annual Service Charge, Annual Gross Revenue for such units in the Commercial Components shall be calculated as provided in N.J.S.A. 40A:20-14(a).

Notwithstanding the foregoing, this Agreement shall terminate as to the Commercial Components of the Project, if the term hereof has not already lapsed pursuant to Section 4 hereof and irrespective of whether or not the Residential Component of the Project continues to be subject to this Agreement or not, and the Commercial Components shall return to the tax rolls and the tax exemption, service charges, and the profit and dividend restrictions contemplated by this Agreement shall terminate as to the Commercial Components at the expiration of fifteen (15) years from the date of Substantial Completion of the Project.

(c) Final Accounting. Pursuant to N.J.S.A. 40A:20-13, the date of termination of the tax exemption, whether by relinquishment by the Redeveloper or by terms of this Agreement, shall be deemed to be the close of the Redeveloper's fiscal year following the date designated in such notice ("Effective Date of Termination"). Within ninety (90) days after the Effective Date of Termination, the Redeveloper shall provide a final accounting and shall pay to the Borough a sum equal to the amount of the reserve, if any, maintained pursuant to this Agreement and N.J.S.A. 40A:20-15, as well as the excess

Net Profit, if any, payable as of the Effective Date of Termination pursuant to this Agreement and in accordance with the provisions of N.J.S.A. 40A:20-15. Upon termination of the exemption, the Land and Improvements shall be assessed and subject to taxation in the same manner as other taxable properties in the Borough. At all times prior to the expiration or other termination of this Agreement, the Redeveloper shall remain bound by the provisions of the Exemption Law.

13. Annual Audit. Within ninety (90) days after the close of the Redeveloper's fiscal year, while this Agreement continues in effect, the Redeveloper shall submit to the Borough Council, the Tax Collector, the Borough Clerk (who shall advise other Borough officials required to be advised), and the Director of the Division of Local Government Services in the Department of Community Affairs: (a) its auditor's report for the Redeveloper's preceding fiscal year; and (b) its annual audited statement that identifies the calculations of the Redeveloper's Net Profit during the preceding fiscal year. The auditor's report and annual audited statements shall be prepared and certified by a certified public accountant, reasonably approved by the Borough. The auditor's report shall include, but not be limited to a rental schedule for the Project, the terms and interest rate on any mortgage(s) associated with the Project, and such details as may relate to the financial affairs of the Redeveloper and to its operation and performance hereunder, pursuant to the Exemption Law and this Agreement. The auditor's report shall clearly identify and calculate the Net Profit for the Redeveloper during the previous year.

14. Right of Inspection. The Redeveloper shall, upon request, permit inspection of its property, equipment, buildings, and other facilities of the Project. It also shall permit, upon request, examination and audit of its books, contracts, records, documents, and papers by duly authorized representatives of the Borough or the State. Such examination or audit shall be made during reasonable business hours.

15. Sale of Project/Condominium Conversion.

A transfer, sale or other disposition of the Project by the Redeveloper, whether voluntarily, involuntarily or by operation of law, shall require Borough consent, except in the following circumstances:

(a) Sale to Urban Renewal Entity. A sale, including a foreclosure sale or a deed in lieu of foreclosure, of the Project by the Redeveloper to another urban renewal entity organized under the Exemption Law, or to its successors or assigns, shall be permitted without consent if the transferee entity or its successors or assigns owns no other project subject to the Exemption Law at the time of the transfer and assumes all contractual obligations of the Redeveloper under this Agreement and the Redevelopment Agreement and provided no Event of Default shall have occurred and be outstanding, and the Redeveloper is otherwise in full compliance with the Exemption Law. Upon assumption, in form and content reasonably satisfactory to the Borough, by the transferee entity of the Redeveloper's obligations under this Agreement, the tax exemption granted under this Agreement shall continue to inure to the transferee entity, its respective successors or assigns. To the extent allowable by law, for purposes of calculating the Allowable Net Profits for the transferee entity pursuant to N.J.S.A. 40A: 20-15, the Total Project Cost for the transferee entity shall include the cost of Land and Improvements to the Transferee entity, which Total Project Cost shall be amortized over the remaining years of this Agreement. .

(ii) Sale or Transfer Pursuant to Section 15(c). Borough consent shall not be required for a sale of the Project to an entity that is not an urban renewal entity or transfers of ownership interests in the Redeveloper provided the conditions set forth in Section 15 (c) hereof have been satisfied.

(iii) Sale to Purchasers of Units in a Condominium. As further provided in N.J.S.A. 40A:20-10(b), if the Project or any portion thereof has been devoted to condominium ownership, Borough consent shall not be required to a sale to purchasers of units in such condominium.

(b) If the Redeveloper transfers the Project to another urban renewal entity pursuant to subsection 15(a)(i) above, and the transferee entity has assumed all of the Redeveloper's contractual obligations under this Agreement, in form and content reasonably satisfactory to the Borough, then the Redeveloper shall be discharged from any further obligation under this Agreement and shall be qualified to undertake another project pursuant to the Exemption Law. The transferee entity shall be obligated to pay excess profits, if the transferee is a nonprofit entity under the Exemption Law, or excess Net Profits,

if the transferee is a limited dividend entity under the Exemption Law, to the Borough in accordance with the provisions of N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16, whichever may apply.

(c) The Redeveloper may, voluntarily, involuntarily or by operation of law, sell or transfer all or any portion of the Project to an entity not qualified as an urban renewal entity without the consent of the Borough, provided the Redeveloper has (i) removed both itself and the Project from the restrictions of the Exemption Law; and (ii) obtained the consent of the Commissioner of the Department of Community Affairs. Transfers of ownership interests in the Redeveloper itself shall be permitted without need for Borough consent or approval, provided that the transfer, if greater than ten percent (10%) of the ownership interest, is disclosed to the Borough in the annual disclosure statement required pursuant to Section 15(d) or in correspondence sent to the Borough in advance of the annual disclosure statement.

(d) The Redeveloper shall file annually with the Borough Chief Financial Officer and the Borough Council a statement, in form and content reasonably satisfactory to the Borough, disclosing the names and addresses of the natural persons having a direct or indirect ownership interest in the Redeveloper and the extent of the ownership interest of each person. If any ownership interest is directly or indirectly held by a partnership, limited liability company, corporation, or other similar entity (a "Corporate Owner"), the disclosure shall include a listing of each person, including their address and ownership interest, owning a Corporate Owner, and this disclosure requirement shall be fulfilled for every Corporate Owner owning a direct or indirect interest in any Corporate Owner until the names, addresses and ownership interest of the individual or individuals having direct or indirect ownership are disclosed; provided, however, in the case of a Corporate Owner listed on a nationally recognized stock exchange, disclosure shall be limited to persons owning 10% or more of the Corporate Owner. The statement required to be filed by the Redeveloper pursuant to this provision shall be filed within ninety (90) days of the close of the Redeveloper's fiscal year.

(e) The Redeveloper may, at its discretion and upon prior notice to the Borough, devote the Project to the condominium form of ownership, as evidenced by the recording of a master deed

in the land records of Bergen County. The Redeveloper, in so devoting the Project to the condominium form of ownership, may create multiple units under a single condominium regime, or two or more separate condominium regimes or sub-condominium regimes. Such condominium regimes may include the Residential Component and the Commercial Component.

16. Covenants and Representations.

a Urban Renewal Entity; Authorization. The Redeveloper is a limited liability company, qualified to do business under the provisions of the Exemption Law and in good standing under the laws of the State of New Jersey. The Redeveloper has submitted the Application that is incorporated herein by reference as if set forth fully herein. The Redeveloper further affirms that the statements contained in the Application are true, correct and complete as of the date of this Agreement and do not omit any material facts necessary to make the statements therein not misleading. The Redeveloper further acknowledges that the Borough is relying on the truth, accuracy and completeness of the statements, information and data contained in the Application. The Redeveloper has approved the execution and delivery of this Agreement and agrees that, upon its execution, the Agreement will be valid and binding upon the Redeveloper and enforceable in accordance with its terms.

b Use of the Project. The Project will be used for commercial and residential purposes.

c Fiscal Year: The Redeveloper's fiscal year ends on December 31. The Redeveloper shall not change its fiscal year without first obtaining the consent of the Borough, such consent not to be unreasonably withheld or denied.

17. Interest on Overdue Payments. Any payments hereunder not made within ten (10) days of the date due shall bear interest from the due date thereof at the interest rate per annum equal to the interest rate payable on late tax payments to the Borough.

18. Event of Default. Any one or more of the following events shall constitute an event of default (hereinafter, an "Event of Default"):

(a) if any payment of all or any part of the Annual Service Charge or interest thereon or any other payment obligation of the Entity to the Borough shall not be made when due ;

(b) if the Redeveloper or Borough shall fail in the due and punctual performance or observance of any other covenant, agreement or condition contained in this Agreement, and the failure is not cured within thirty (30) days after the earlier of (i) written notice thereof to the other non-defaulting party specifying such default and requesting that it be remedied or (ii) the actual notice by the party claiming default of same; provided, however, that no Event of Default shall occur so long as any party is diligently proceeding to cure such default within the 30-day period stated above and diligently proceeds thereafter and such matter is cured as expeditiously as reasonably practicable;

(c) if any representation, covenant or warranty made by or on behalf of the Redeveloper herein or in any report, certificate, financial statement or other instrument furnished in connection with this Agreement shall prove to be false or misleading in any material respect when made;

(d) if Redeveloper has actual knowledge that any report, certificate or financial statement delivered by the Redeveloper pursuant to the terms of this Agreement shall have been false, incorrect or misleading in any substantial and material respect as of the date on which made;

(c) the filing of a petition against the Redeveloper in a court having jurisdiction over the Redevelopment Area seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or similar official) for the Redeveloper or of all or substantially all of its property, or the entry of an order for the winding up or liquidation of any of its affairs, unless such petition shall be stayed, dismissed or such appointment or order vacated within ninety (90) days of the filing, appointment or order; and

(d) the filing by the Redeveloper of a voluntary petition in bankruptcy or of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for the Redeveloper under any present or future federal, State or

other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the consent by the Redeveloper to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) for the Redeveloper or for all or substantially all of its property, or the making by the Redeveloper of any assignment for the benefit of creditors, or the admission by the Redeveloper in writing of its inability to pay its debts generally as they become due.

19. Remedies. Subject to dispute resolution in accordance with Section 8 and the applicable notice and grace periods set forth herein, the Borough shall have the right upon the occurrence of an Event of Default to terminate this Agreement and declare it null and void at which time the Project will become subject to full taxation at the current total tax rate of the Borough. Upon termination of this Agreement resulting from an Event of Default, the Project will be subject to a determination by the Borough Tax Assessor, from the time of the termination, of the amount of total taxes determined on the basis of the Borough's ordinary tax rate. Any Annual Service Charge paid, as of the date of termination, will be credited against the taxes which would have been otherwise due and payable. The difference between any Annual Service Charge paid after the date of termination of this Agreement, and the amount of taxes which would have been otherwise due and payable after the date of termination of this Agreement, shall be paid by the Redeveloper within thirty (30) days of receipt of the written determination by the Borough Tax Assessor. In the event the Redeveloper fails to pay the amount owed, said amount of taxes will constitute a lien on the Property subject to the provisions of N.J.S.A. 54:5-1 et. seq.

20. No Remedy Exclusive. Except as otherwise expressly provided herein, no remedy herein conferred or reserved to the Borough is intended to be exclusive of any other available remedy, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or the Redevelopment Agreement, to the extent applicable. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient, and may, but need not be, exercised concurrently with any other

right or power. In order to entitle the Borough to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give notice, other than such notice as may be expressly required in Section 26 or by law.

21. No Additional Waiver Implied by One Waiver. In the event any breach of this Agreement is waived by the non-breaching Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Failure by any Party to insist upon the strict performance of any of the covenants and agreements contained in this Agreement shall not, unless provided in writing, be considered a waiver or relinquishment of the right to insist upon compliance therewith or to enforce such compliance by appropriate remedies hereunder.

22. Governing Law and Conflicts. This Agreement shall be governed by the provisions of the Exemption Law and the laws of the State of New Jersey. If there is a conflict between this Agreement and the Exemption Law, this Agreement shall prevail and control. If there is a conflict between this Agreement and the Application submitted by the Redeveloper pursuant to N.J.S.A. 40A:20-8, the language contained in this Agreement shall govern and prevail.

23. Indemnification. If the Borough is named as a party defendant in any action brought against the Redeveloper by reason of any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of the Exemption Law, the Redeveloper shall indemnify and hold the Borough harmless, and the Redeveloper agrees to defend the suit at its own expense.

24. Oral Representations. Neither party hereto has made any oral representation that is not contained in this Agreement. This Agreement, the Borough's ordinance authorizing the Agreement, and the Application constitute the entire agreement between the parties as to the subject matter hereof.

25. Modification. There shall be no modification of this Agreement except by written instrument executed by both parties.

26. Notices. Unless prior to giving any notice required under this Agreement, either party shall have notified the other to the contrary, all notices shall be sent by certified mail, return receipt requested, addressed as follows:

If to the Borough:

Borough of Rutherford
Municipal Building
176 Park Avenue
Rutherford, New Jersey 07070
Attn: Borough Clerk
Email: MScanlon@rutherford-nj.com

with a copy to:

Kevin P. McManimon, Esq.
McManimon, Scotland & Baumann, LLC
75 Livingston Avenue, 2nd Floor
Roseland, New Jersey 07068
E-mail: kmcmanimon@msbnj.com

If to the Redeveloper:

M&M at Rutherford Urban Renewal Company, LLC
1260 Stelton Road
Piscataway, New Jersey 08854
Email: jmorris@edgewoodproperties.com

with copies to:

M&M at Rutherford Urban Renewal Company, LLC
160 Essex Street
Lodi, New Jersey 07644
Email: jmarino@jmpholdings.com

and

Sheryl Weingarten, Esq.
The Weingarten Law Firm, LLC
1260 Stelton Road
Piscataway, New Jersey 08854
Email: sweingarten@weingartenlaw.com

and

John L. Molinelli, Esq.
Price, Meese, Shulman & D'Arminio, P.C.
50 Tice Boulevard
Woodcliff Lake, New Jersey 07677
Email: jmolinelli@pricemeese.com

27. Counterparts. This Agreement may be executed in several counterparts with the same effect as if the signatures were upon the same instrument.

29. Severability. If any term, covenant or condition of this Agreement shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement and 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.

30. Exhibits. All of the exhibits which are referred to in this Agreement and are attached hereto are hereby incorporated herein and made a part hereof.

INTENDING TO BE LEGALLY BOUND, the parties have caused this Agreement to be executed the day and year first above written.

ATTEST:

M&M AT RUTHERFORD URBAN RENEWAL
COMPANY, LLC

By: _____
Name: Joseph A. Marino
Title: Manager

ATTEST:

BOROUGH OF RUTHERFORD

By: _____
Frank Nunziato, Mayor

Exhibit A

Legal Description of Redevelopment Area

Exhibit B

Ordinance Approving Financial Agreement