

## AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

**THIS FINANCIAL AGREEMENT**, (“**Agreement**”) is made this 11th day of May, 2020, by and between Hurstmont Estate Urban Renewal Entity, LLC (“**Redeveloper**”), an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.*, (the “**LTTE**”) having its principal office located at 14 Doty Road, Unit B, Haskell, New Jersey 07420, and the **TOWNSHIP OF HARDING**, a public body corporate and politic of the State of New Jersey, having its principal office located at 21 Blue Mill Road, New Vernon, New Jersey 07976 (the “**Township**”, together with **Redeveloper**, the “**Parties**”).

### RECITALS

**WHEREAS**, the Township Committee of the Township of Harding has adopted by Ordinance Number 13-2019 enacted June 24, 2019 and Ordinance Number 16-2019 enacted September 30, 2019, a certain Glen Alpin/Hurstmont Redevelopment Plan (the “**Redevelopment Plan**”); and

**WHEREAS**, the Redevelopment Plan was adopted with respect to certain lands designated as Lot 2, Block 27, and Lot 1, Block 34 as shown on the Tax Assessment Map of the Township of Harding (the “**Area in Need of Redevelopment**”); and

**WHEREAS**, this Financial Agreement concerns the northerly portion of Lot 2, Block 27 depicted as Proposed Lot 1 on **Exhibit A** attached hereto and made a part hereof (the “**Property**”); and

**WHEREAS**, on May 11, 2020, the Township and the Redeveloper entered into a Redevelopment Agreement (the “**Redevelopment Agreement**”) for the redevelopment of the Property; and

**WHEREAS**, the Property is to be redeveloped with approximately 125 Apartment Style Independent Living Units and no more than 85 units designated as “Assisting Living

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Residences” and/or units located within the Dementia Care Home all as defined in the Redevelopment Plan; and

**WHEREAS**, The Project may be developed in two or more phases (each a “**Project Phase**”); and

**WHEREAS**, there will be developed a combination of 40 Affordable Housing Units within the Independent Living Units, Assisted Living Units and Dementia Care Home; and

**WHEREAS**, the Septic Treatment Facility described in Section 4.16 of the Redevelopment Agreement will be designed to and will accommodate the septic demand of the redeveloped historic Glen Alpin property located on Lot 1, Block 34; and

**WHEREAS**, the redevelopment of the Property requires extraordinary costs related to excavation, removal of fill, retaining walls, the Septic Treatment Facility, the set aside at no cost to the Township of approximately 2.5 acres for open space, the construction of a section of the regional Patriot’s Path walking trail, off-site traffic improvements, exterior building façade finishes and restoration of historic ornamental garden features; and

**WHEEAS**, this Agreement will assist Redeveloper in meeting the extraordinary costs associated with the Project as recognized in N.J.S.A. 40A:20-3.h., to facilitate redevelopment of the Property; and

**WHEREAS**, terms not otherwise defined in these recitals shall have the meaning ascribed to them in Section 1.2 of this Agreement; and

**WHEREAS**, Section 5.2 of the Redevelopment Agreement provides that the Township would, subject to certain conditions set forth therein, negotiate and enter into an agreement for a tax exemption and payments in lieu of taxes, pursuant to the LTTE with the Redeveloper; and

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**WHEREAS**, pursuant to Section 8 of the LTTE, on March 12, 2020, Redeveloper filed an application for tax exemption for the Property (the “**Application**”), a copy of which is attached hereto as **Exhibit B**; and

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

- (i) the provision for affordable housing to be located within the Township;
- (ii) the development of a mix of senior related housing and health care opportunities within the Township;
- (iii) the expansion of the Patriot’s Path walking trail;
- (iv) the provision for additional preservation of open space;
- (v) accommodating the septic demand of the redeveloped historic Glen Alpin property;
- (vi) the creation of jobs during construction; and
- (vii) new business that will contribute to the economic growth of the Township, and the Project can result in significant benefits to the Township which are far greater to the Township than the cost, if any, associated with the grant of a tax exemption for the Property; and

**WHEREAS**, this Agreement will assist Redeveloper to facilitate the marketing of the senior housing with the intention to affect a stabilization of the Project; and

**WHEREAS**, on May 11, 2020, the Township adopted Ordinance No. 06-2020 (the “**Ordinance**”) approving this Financial Agreement, a copy of which is attached hereto as **Exhibit C**.

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

### **ARTICLE I - GENERAL PROVISIONS**

#### **Section 1.1 Governing Law**

This Agreement shall be governed by the provisions of the LTTE and the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the “**LRHL**”), and any other applicable state, federal or local laws, rules, regulations, statutes and ordinances applicable to the Project (“**Applicable Law**”). This Agreement shall also be governed by the Ordinance, pursuant to which the Township approved the Annual Service Charge and authorized the execution of this Agreement.

#### **Section 1.2 General Definitions**

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

Affordable Unit – shall mean any residential Unit other than a Unit offered for market rents or charges, including but not limited to a residential Unit that is subject to restrictions on sale price, rental price, or purchaser income.

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

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

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

ASC Start Date – as defined in Section 4.1.

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

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

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

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

Gross Revenue – Any and all revenue derived by Redeveloper in connection with the Project as defined by *N.J.S.A.* 40A:20-3.a., including revenue from wireless antennas.

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Improvements – Any building, structure or fixture permanently affixed to the Land or any structure or fixture affixed to the Property and to be constructed as part of the Project.

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

Land Taxes – The amount of taxes (including municipal, county and school) assessed on the value of land on which the Improvements are located.

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

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

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

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

Redeveloper – Hurstmont Estate Urban Renewal Entity, LLC, a New Jersey limited liability company established and operated pursuant to the laws of the State of New Jersey, or any successor in interest of the Project in whole or in part, provided such successor(s) in interest is

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formed and is operated under Applicable Law and the form utilized is qualified by the State of New Jersey Department of Community Affairs to be an urban renewal entity and the transfer has been duly approved by the Township pursuant to the Redevelopment Agreement.

Substantial Completion - shall mean as to the entire Project that it has been constructed in accordance with the Redevelopment Agreement and as to each Project Phase that it has received either a Certificate of Occupancy or is eligible to receive a Certificate of Occupancy.

Term – is defined in Section 3.1.

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

### **ARTICLE II – APPROVAL**

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

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

#### **Section 2.2 Approval of Redeveloper**

Approval is hereby granted to Redeveloper, a copy of whose Certificate of Formation is attached and annexed hereto as **Exhibit D**. Redeveloper represents that its Certificate of Formation contains all the requisite provisions of Applicable Law, has been reviewed and approved by the Commissioner of the State of New Jersey Department of Community Affairs

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and has been filed with, as appropriate, the State of New Jersey Department of Treasury, all in accordance with *N.J.S.A. 40A:20-5*.

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

Redeveloper represents that it will construct and complete the Project in accordance with the terms and conditions of the Redevelopment Agreement and shall comply with the provisions of all Applicable Law.

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

Redeveloper represents that it is or prior to the commencement of construction, will become the owner of the Property upon which the Project will be constructed.

### **Section 2.5 Financial Plan.**

The Improvements shall be financed in accordance with the financial plan, as more specifically described in the Application. The plan sets forth the estimated Total Project Cost, the source of funds and the source and amount of paid-in capital.

## **ARTICLE III - DURATION OF AGREEMENT**

### **Section 3.1 Term.**

So long as there is compliance with the LTTE and this Agreement, this Agreement shall remain in effect for thirty (30) years from the date of the Certificate of Completion for each phase of the Property, (but in no event later than 35 years after the date of this Agreement pursuant to *N.J.S.A. 40A:20-13*) subject to the further limitations and agreements contained herein, and shall only be effective and in force during the period while the Improvements are owned by an urban renewal entity formed pursuant to *N.J.S.A. 40A:20-5* and Title 15A of the New Jersey Statutes, or (the “**Term**”). After the expiration of the Term or termination by Redeveloper pursuant to *N.J.S.A. 40A:20-13*: (i) the exemption for the Improvements shall

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expire and the Property and the Improvements shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Township, and (ii) all restrictions and limitations upon Redeveloper shall terminate. In the event of a termination by Redeveloper, such termination shall be subject to Redeveloper rendering, and the Township's acceptance of Redeveloper's final accounting.

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

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

In consideration of the aforesaid exemption from taxation on Improvements, Redeveloper shall make payment to the Township of the Annual Service Charge set forth in this Article IV commencing on the ASC Start Date, which shall be the first day of the month following issuance of a Certificate of Occupancy for a Project Phase. From the time of the execution of this Agreement until the ASC Start Date, the Municipality agrees that no assessment shall be made upon any improvements constructed in connection with the Project, whether by added/omitted assessment, revaluation, interim assessment or any other manner permitted by law.

(a) A separate Annual Service Charge for the Project shall commence on the ASC Start Date and be calculated from the first day of the calendar quarter following the issuance by the Township of a Certificate of Occupancy for each Project Phase.

(b) The Annual Service Charge shall be calculated using an annual formula, which provides that the Annual Service Charge in a given year shall be an amount equal to the percentage of Gross Rents specified in Table 4.1(b) below as "Gross Rent Percentage", but in no event less than an amount equal to the corresponding percentage of ad valorem taxes otherwise due on the Project improvements specified in Table 4.1(b) below as "Tax Percentage."

#### **Table 4.1(b).**

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Year	Gross Rent Percentage	Tax Percentage
1-5	10%	0%
6-15	12%	80%
16-30	13%	90%

(c) From the Annual Service Charge paid by the Owner, the Township shall annually remit five percent (5%) of the payment received to the County of Morris in accordance with the provisions of *N.J.S.A. 40A:20-12*.

### **Section 4.2 Staging Schedule for Annual Service Charge**

The Annual Service Charge shall be scheduled over the term of the Agreement in accordance with *N.J.S.A. 40:20-12(b)* as follows:

Stage One (*Years 1 - 15*): From the ASC Start Date and for each of the 6 years thereafter, the Annual Service Charge shall be the amount determined pursuant to Section 4.1 above.

Stage Two (*Years 16-21*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 20% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

Stage Three (*Years 22-27*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 40% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

Stage Four (*Years 28-29*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 60% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

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Stage Five (*Year 30*): The Annual Service Charge shall be the amount determined pursuant to Section 4.1 above or 80% of the amount of taxes otherwise due on the value of the Land and Improvements in the absence of this Agreement, whichever is greater.

Exhibit F attached hereto depicts the applicable Gross Rent Percentage, Tax Percentage, and percent of taxes otherwise due on the value of Land and Improvements in the absence of this Agreement ("Stage Full Tax Percentage") for each year of the exemption.

Redeveloper shall have the right to appeal the real property tax assessment in any and every year.

### **Section 4.3 Quarterly Installments**

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

### **Section 4.4 Land Taxes and Land Tax Credit**

Because the land of the Property (the "Land") is not permitted to be exempt from taxes pursuant to N.J.S.A. 40A:20-12, the Redeveloper is required to pay both the Annual Service Charge and the Land Taxes. The Entity and the Township agree that the assessed value of the Land until the next municipal wide re-valuation will never be more or less than the assessed value of the Land for the 2020 tax year (based upon the percentage of the square footage of Block 27, Lot 2 allocable to the Property, which is approximately 40%). Land Taxes shall be separately assessed for the Land, and shall be assessed only on the Land.

The Redeveloper shall be entitled to an annual credit against the Annual Service Charge for the amount, without interest, of the real estate taxes on the Land paid in the last the four (4)

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preceding quarterly installments prior to commencement of the Annual Service Charge, which credit shall be adjusted by acreage in the event of a subdivision. The credit shall be applied on a quarterly basis.

### **Section 4.5 Material Conditions**

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

### **Section 4.6 Other Municipal Services**

Nothing herein shall exempt Redeveloper from the payment for any municipal services ordinarily assessed to tax payers outside of and in addition to ad valorem taxes rendered to the Property. Redeveloper shall timely pay for municipal services rendered to the Property, and the Township shall retain the right to pursue all remedies to collect such payments, including the right to institute collection through a tax lien sale pursuant to *N.J.S.A. 54:5-1 et seq.*

### **Section 4.7 Gross Rent**

For purposes of calculating Gross Revenue, the parties agree that the "**Gross Rent**" for the Project shall be the amounts set forth in **Exhibit E** in a single Project Phase or Project Phases. Gross Rent shall be the rent paid to the Redeveloper by the operators of the Project pursuant to one or more master leases of the Project or Project Phases. The Parties agree that each Project Phase may be subject to its own lease. For the avoidance of doubt, so long as there is a Master Lease, Gross Rent does not include any fees, inclusive or rent or occupancy fees, collected from residents of the Independent Living Units, Assisted Living Residence, and/or Dementia Care Home. In the event there are no master leases for all or a portion of the Project, then Gross Revenue shall be the actual revenue collected for all activities attributable

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to the phase of the Project without a master lease, but in no event less than amounts set forth in **Exhibit E**.

### **ARTICLE V – CERTIFICATE OF OCCUPANCY**

#### **Section 5.1 Certificate of Occupancy**

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

In the event that Redeveloper fails to secure Certificates of Occupancy in a timely manner after Substantial Completion of the Project or a Project Phase, as determined by the Township in its sole discretion and Redeveloper has not obtained the Certificates of Occupancy within sixty (60) days after the Township has provided notice to Redeveloper of the Project Phases Substantial Completion, the Project shall be subject to full taxation (ordinary applicable taxes) for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained, unless Redeveloper's application for a Certificate of Occupancy is pending or the delay in issuance of the Certificate of Occupancy is a result of Force Majeure events as set forth in the Redevelopment Agreement.

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

#### **Section 6.1 Accounting System**

For so long as Redeveloper owns the Improvements, or any portions thereof, constructed on the Property as a part of the Project, Redeveloper agrees to calculate its "net profit" pursuant to *N.J.S.A. 40A:20-3.c*. Redeveloper shall maintain, or cause to be maintained, a system of

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accounting and internal controls established and administered in accordance with generally accepted accounting principles.

### **Section 6.2 Periodic Reports**

(a) **Auditor's Report** – For so long as Redeveloper owns any of the Units constructed as a part of the Project, within ninety (90) days after the close of each fiscal or calendar year, depending on Redeveloper's accounting basis that this Financial Agreement shall continue in effect, Redeveloper shall submit to the Township Council, the Township Collector and the Township Clerk, who shall advise those municipal officials required to be advised, and the Division of Local Government Services in the State of New Jersey Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to: Gross Rents received by Redeveloper, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project, and such details as may relate to the financial affairs of Redeveloper and to its operation and performance hereunder, pursuant to Applicable Law and this Agreement. The Report shall clearly identify the Gross Rents and calculate the Net Profit for the Project during the previous year. Redeveloper assumes all costs associated with the preparation of these periodic reports.

(b) **Disclosure Statement** – For so long as Redeveloper owns any part of the Project, Redeveloper shall submit to the Township a Disclosure Statement listing the persons having an ownership interest of 10% or more in the Redeveloper and the extent of ownership interest of each, which Disclosure Statement shall be issued immediately upon any change of ownership interest in the Project, unless prior notice to or approval by the Township is otherwise required herein, or upon reasonable request by the Township.

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

Until the earlier of such time as Redeveloper no longer holds an interest in any part of the Project or the expiration of the Term of this Agreement, Redeveloper shall permit the inspection of the premises, equipment, buildings and other facilities of the Project, if deemed appropriate or necessary, by representatives duly authorized by the Township and the State of New Jersey Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such inspection, examination or audit shall be made upon seven (7) days' notice, during the Redeveloper's regular business hours and in the presence of an officer or agent designated by Redeveloper. To the extent reasonably possible, the examination, inspection or audit shall not materially interfere with construction or operation of the Project.

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

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

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

Redeveloper shall have the right to establish a reserve against vacancies, unpaid rentals and contingencies in an amount up to ten (10%) percent of the Gross Revenue of the Redeveloper for the last full fiscal year preceding the year and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in *N.J.S.A.* 40A:20-15.

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

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

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

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

### **Section 7.4 Adjustments in Annual Service Charge**

The initial Annual Service Charge shall be billed based upon the minimum Gross Rents set forth on **Exhibit E**. Within one hundred twenty (120) days after the end of each fiscal year, the Tax Assessor shall calculate the amount of Annual Service Charge due based upon the actual Gross Rents for the prior fiscal year, and render a bill to be payable with the next quarterly installment of Annual Service Charge for any deficiency between the amount of Annual Service Charges billed, and the amount of Annual Service Charge due for prior fiscal year. The Tax Assessor may adjust future billings for the Annual Service Charge based upon the actual amounts due.

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

#### **Section 8.1 Approval**

Redeveloper may sell the Project or any portion thereof and transfer this Financial Agreement, provided that: (a) the transfer complies with the terms of Sections 7.3, 7.4, and 7.5 of the Redevelopment Agreement, (b) the transfer is in compliance with this Agreement and the LTTE, (c) the transferee does not own any other project subject to long term tax exemption at the time of transfer; (d) the transferee is formed and eligible to operate as an urban renewal entity under the LTTE and the Redevelopment Agreement, (e) Redeveloper's obligations under this Financial Agreement are fully assumed by the transferee on a going forward basis and (f) the transferee abides by all terms and conditions of this Agreement including, without limitation, the filing of an application pursuant to *N.J.S.A. 40A:20-8*. This Section 8.1 shall not apply to the rental of Units in the ordinary course of business, which are hereby expressly authorized.

### **ARTICLE IX-COMPLIANCE**

#### **Section 9.1 Operation**

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

### **ARTICLE X - DEFAULT**

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

If any party to this Financial Agreement breaches the material terms or conditions contained in this Financial Agreement or in the Redevelopment Agreement, then the aggrieved party shall send a written default notice to the other party ("Default Notice"). The Default Notice shall set forth with particularity the basis of the alleged default. In the event of a monetary default by the Redeveloper, the Redeveloper shall have ten (10) days to cure such monetary default. The

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party in breach shall have forty-five (45) days, from receipt of the Default Notice, to cure any non-monetary default. However, if in the reasonable opinion of the non-defaulting party, the default cannot be cured within forty-five (45) days using reasonable due diligence and with continuity of purpose, the non-defaulting party will extend the time to cure. Upon the expiration of the forty-five (45) day cure period set forth above, or upon the expiration of any extension period, the aggrieved party shall have the right to terminate this Financial Agreement in accordance with Article XI hereof.

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

The Township shall be entitled to all remedies to collect such payments, including the right to sell a tax sale certificate and proceed against a Unit or the Property (excluding Units previously conveyed) pursuant to In Rem Tax Foreclosure in accordance with applicable law. The failure to make such payments shall not be subject to the dispute resolution procedures as provided in Article 12.1.

## **ARTICLE XI-TERMINATION**

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

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

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

Within ninety (90) days after the date of termination, whether by affirmative action of Redeveloper or by virtue of the provisions of the Applicable Law or pursuant to the terms of this Financial Agreement, Redeveloper shall provide a final accounting and pay to the Township the reserve, if any, pursuant to the provisions of *N.J.S.A. 40A:20-13* and 15 as well as any excess

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Net Profits, if any, payable as of that date and any adjusted Annual Service Charge. For purposes of rendering a final accounting, the termination of the Financial Agreement shall be deemed to be the end of the fiscal year for the Project.

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

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

## **ARTICLE XII - DISPUTE RESOLUTION**

### **Section 12.1 Mediation**

In the event of a breach of this Agreement by any of the parties or a dispute arising between the parties in reference to the terms and provisions as set forth herein, then the parties shall submit the dispute to mediation. The parties agree that the mediation will be before a retired judge of the Superior Court of New Jersey agreed upon by the parties within 10 days after request by a party upon occurrence of a dispute, or if the parties fail to so agree, a retired judge of the Superior Court appointed by the Assignment Judge of Morris County upon application of a party. The mediation shall be conducted in accordance with rules as determined by the mediator. The parties agree to engage in good faith in the mediation effort to seek resolution of the disagreement. The good faith obligation shall require, as a condition precedent to commencement of any litigation other than one seeking emergent relief, participation of up to six (6) hours at a mediation session conducted by the mediator at a time and place fixed by the mediator, all to occur within 30 days after appointment of the mediator. The parties further agree that the mediation procedure is voluntary and nonbinding (beyond the good faith obligation described in the previous sentence). Following good faith participation, either party may at any

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time terminate the mediation proceeding with or without cause. The mediator shall also have the right to terminate the mediation if the mediator shall determine that the efforts to reach a settlement are likely to be futile. The parties agree to share the burden of the mediator's compensation equally amongst the parties participating in the mediation and each agrees to pay its share pursuant to the mediator's invoice to be rendered at completion or termination of the mediation process.

### **ARTICLE XIII - WAIVER**

#### **Section 13.1 Waiver**

Nothing contained in this Financial Agreement or otherwise, or any action or non-action shall constitute a waiver or relinquishment by an aggrieved party of any rights and remedies, including, without limitation, the right to terminate the Financial Agreement subject to the qualifications set forth elsewhere in this Financial Agreement for violation of any of the obligations provided herein. Nothing herein or any action or non-action shall be deemed to limit any right of recovery of any amount which the aggrieved party has under any Applicable Law, or in equity, or under any provision of this Financial Agreement.

### **ARTICLE XIV – NOTICE**

#### **Section 14.1 Notices**

Formal notices, demands and/or communications between the Township and the Redeveloper and from the Redeveloper to the Township or from the Township to the Redeveloper (as required herein) shall be deemed sufficiently served if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed delivered upon receipt. Formal notices may also be sent by a commercial overnight delivery service with package tracking capability and proof of delivery is available. In this case

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

such notice is deemed to be effective upon delivery. Such written notices demand, and communications may be sent in the same manner to such other addresses as either party may from time to time designate by written notice. Informal communications may be carried out by regular mail.

Copies of all notices, demands and communications shall be sent as follows:

(a) In case of the Township:

Township of Harding  
21 Blue Mill Road, New Vernon  
Morris, New Jersey 07976  
Attn: Robert Falzarano

With a Copy to:

**(if by mail)**  
John H. Hague, Esq.  
Greenbaum Rowe Smith Davis, LLP  
Metro Corporate Campus One  
P.O. Box 5600  
Woodbridge, New Jersey 07095

**(if by delivery)**  
John H. Hague, Esq.  
Greenbaum Rowe Smith Davis, LLP  
99 Wood Avenue South  
Iselin, New Jersey 07095-0988

(b) In the case of the Redeveloper:  
Hurstmont Estate Acquisition LLC  
14 Doty Road, Unit B  
Haskell, NJ 07420  
Attn: Peter H. Monaghan

With a Copy to:

Katharine A. Coffey, Esq.  
Day Pitney  
One Jefferson Road  
Parsippany, NJ 07054

**ARTICLE XV - SEVERABILITY**

**Section 15.1 Severability**

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

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

**ARTICLE XVI - MISCELLANEOUS**

**Section 16.1 Construction**

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

## AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

### **Section 16.2 Conflicts**

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

### **Section 16.3 Oral Representations**

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

### **Section 16.4 Modification**

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

### **Section 16.5 Entire Agreement**

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

**[SIGNATURE PAGE FOLLOWS]**


AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

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

Witness:

Hurstmont Estate Urban Renewal Entity, LLC

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



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

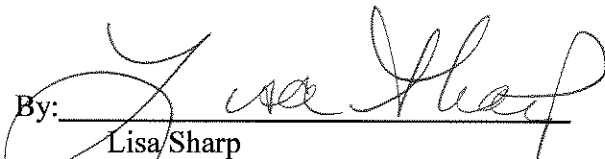


Peter H. Monaghan  
Manager

Witness:

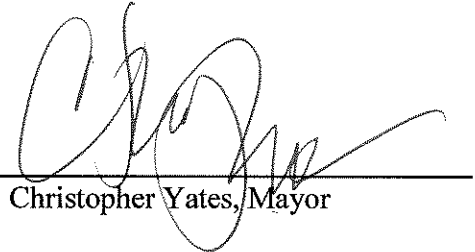
TOWNSHIP OF HARDING

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



Lisa Sharp  
Township Clerk

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



Christopher Yates, Mayor

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

**EXHIBIT LIST**

- A. Description of the Property**
- B. Application for Tax Exemption**
- C. Ordinance Approving Tax Exemption**
- D. Certificate of Formation**
- E. Minimum Gross Rents**
- F. Applicable Annual Percentage**

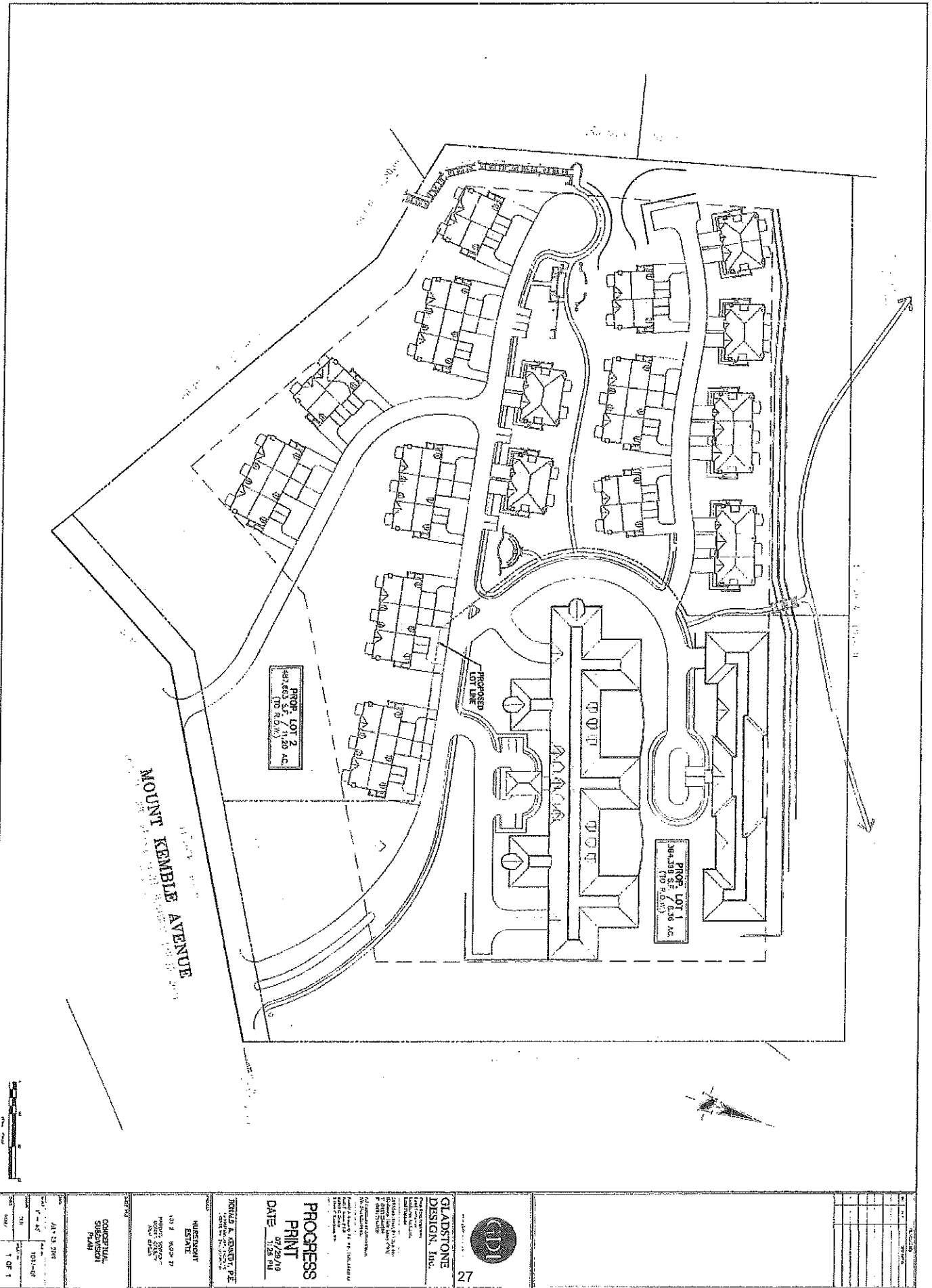
AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

**EXHIBIT A**

Description of the Property

EXHIBIT A

Subject to the approval of the Harding Township Fire Department, the southerly cul-de-sac shall be revised to be a K-turn.



AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

**EXHIBIT B**

Application for Tax Exemption  
(See Attached)

## APPLICATION FOR TAX ABATEMENT / EXEMPTION

TOWNSHIP OF HARDING  
21 BLUE MILL ROAD  
NEW VERNON, NEW JERSEY 07976

Hurstmont Estate Urban Renewal  
Entity, LLC  
Name of Applicant

14 Doty Road, Unit B,  
Haskell, NJ 07420  
Address of Applicant

679 Mt. Kemble Avenue,  
Morristown, NJ 07960  
Address of Project Site

**THE UNDERSIGNED, ON BEHALF OF AND WITH THE POWER AND INTENT TO BIND THE APPLICANT, HEREBY CERTIFIES TO THE TOWNSHIP AS FOLLOWS, AND HEREBY ACKNOWLEDGES THAT THE STATEMENTS CONTAINED HEREIN ARE MADE IN INDUCEMENT OF A TAX ABATEMENT / EXEMPTION PURSUANT TO THE APPLICABLE LAW.**

**This Application is submitted pursuant to the Long Term Exemption Law (N.J.S.A. 40A:20-1 et. seq.)**

**SECTION A: APPLICANT INFORMATION**

- 1. Name of Applicant:** Hurstmont Estate Urban Renewal, LLC
- 2. Address of Applicant:** 14 Doty Road, Unit B, Haskell, NJ 07420
- 3. If applicable, attach hereto a copy of the Applicant's Certificate of Formation and evidence of the Department of Community Affairs ("DCA") approval of the Certificate of Formation.** (If DCA approval has not yet been obtained, attach a copy of the proposed Urban Renewal Entity's certificate of formation and evidence that same has been submitted to the DCA for approval. The Applicant must submit evidence of DCA approval after it is obtained by way of a supplement to this application.)

A copy of the certificate of formation and evidence of DCA approval is attached as Exhibit A.

**SECTION B: PROPERTY INFORMATION**

- 4. Identification of Property:**
  - a. State the street address of the proposed project site (the "Project Site"), according to the currently effective tax map of the Township (the "Official Map"): 760 Mt. Kemble Road, Morristown, NJ 07960
  - b. State the block(s) and lot number(s) corresponding to the Project Site on the Official Map: Lot 27 Block 2.

c. Provide a metes and bounds description of the Project Site: See below  
ALL that certain lot, parcel or tract of land, situate and lying in the Township of Harding, County of Morris, State of New Jersey, and being more particularly described as follows:

Beginning at a point at the intersection of the old centerline of Mount Kemble Avenue (a.k.a. N.J. State Highway Route 202) (also known as the old centerline of Morristown - Bernardsville Road) with the Westerly line of lands formerly of Paul Feakins and running thence;

- 1) Along the Westerly line of Feakins North 18°-29'-20" West 757.85' to a monument, thence;
- 2) Along the lands formerly of the Mt. Kemble Corp. South 71°-30'-40" West 1078.36' to a iron pin, thence;
- 3) Along the lands formerly n/f of J.M. Davies and L. & S. Jean South 14°-06'-50" East 515.77' to a wood monument, thence;
- 4) Along said Jean lands and lands formerly of Doris Farid, South 77°-29'-00" East 164.88' to a marble monument, thence;
- 5) Still along the lands formerly of Farid, South 58°-25'-00" East 531.00' to a point in the old centerline of Mt. Kemble Avenue, thence;
- 6) Along the old centerline of Mount Kemble Avenue North 29°-18'-40" East 223.67' to an angle point, thence;
- 7) Still along the old centerline of Mount Kemble Avenue North 59°-41'-40" East 480.05' to the point and place of beginning.

Note: For Informational Purposes Only: BEING Lot 2 Block 27 on a Tax Map of the Township of Harding, County of Morris.

BEING the same premises which Edith Kurlan, by Deed dated 09/11/1996 and recorded 09/19/1996 in the Morris County Clerk's Office in Deed Book 4444, Page 328, granted and conveyed unto Edith Kurlan, in Trust for Matthew Kurlan.

AND ALSO BEING the same premises which Matthew Kurlan, by Deed dated 02/15/2011 and recorded 03/11/2011 in the Morris County Clerk's Office in Official Record Book 21756, Page 1950, granted and conveyed unto Edith Kurlan

AND ALSO BEING the same premises which Edith Kurlan, Unmarried, by Deed dated 02/15/2011 and recorded 03/11/2011 in the Morris County Clerk's Office in Official Record Book 21756, Page 1956, granted and conveyed unto Harding Holdings PM, LLC.

##### **5. Current Assessment Status of the Project Site:**

BLOCK	LOT	LAND	IMPROVEMENTS	TOTAL
27	2	\$8,027.14	\$20,131.20	\$28,158.34

## **SECTION C: PROJECT INFORMATION**

- 5. Provide a statement describing the nature and purpose of the proposed project. Include a detailed description of the improvements to be made to the Project Site.**

**Project Overview** – The property consisting of approximately 20 acres will be developed in two distinct phases on a sub-divided property to provide for forty (40) for-sale townhomes along with two hundred and ten (210) senior apartments, as may be modified in accordance with the Redevelopment Plan. The project will also consist of a community septic system that will serve the septic needs of the entire development along with being over-sized to accommodate the future septic needs of the Glen Alpin Estate.

**Townhomes** – The forty (40) townhomes will be developed in multiple phases/buildings generally consisting of 2-4 units per building. The townhomes will be age-restricted with at least one person being 55 years or older.

**Senior Rental Community** – The two hundred and ten (210) senior apartments will be comprised of 125 independent living apartments, 61 assisted living apartments and 24 memory care apartments. The senior community will consist of forty (40) affordable units with thirty-one (31) affordable independent living apartments along with nine (9) affordable assisted living units serving as Medicaid “set-aside” units.

### **Redevelopment Plan Goal – Highlights**

The intended redevelopment of the former Hurstmont estate will bring a productive use to a site that has been left to decay for more than two decades and with the partial demolition, has turned into a hazard and an eyesore for the community.

The Plan intends to minimize environmental disturbance by providing for tree conservation areas and building with respect to all environmental features on the site.

The redevelopment of the former Hurstmont estate will bring jobs and housing options to the residents of Harding Township and New Jersey.

The easements, setbacks, and conservation areas within this Plan will continue to protect the environment surrounding the Area, including the Morristown National Historical Park.

Construction of affordable, age-restricted housing helps to fulfill the Township's affordable housing obligations while also providing housing options for seniors of all income groups.

The proposed walking trail will enhance the open space and recreational opportunities for the residents of the Area, Harding Township, and New Jersey.

The Redevelopment Area is located directly on Route 202 (Mt. Kemble Avenue) and is near entrances to I-287. The Plan calls for the preservation and adaptive reuse of a previously unused historical building, turning it into a productive property once again, as well as the redevelopment of an underutilized and dilapidated property. Redevelopment of the Area is consistent with good planning principles and integrated land use planning and implementation.

- 6. Provide copies of the concept plans, drawings and other documents to demonstrate the structure and design of the proposed project.**



**8. Provide the currently estimated project schedule, including the anticipated project completion date.**

Please see estimated project schedule attached as Exhibit B.

**9. Provide a statement that the proposed project conforms to all applicable ordinances of the Township and is in accordance with the Township's Redevelopment Plan, as applicable, governing the Project Site and the Township's Master Plan.**

The proposed project conforms to all applicable ordinances of the Township and is in accordance with the Township's Redevelopment Plan, as applicable, governing the Project Site and the Township's Master Plan.

**10. Provide a certified statement prepared by a licensed architect or engineer of the estimated cost of the proposed project in the detail required pursuant to the applicable law, including, if applicable, the estimated cost of each unit to be undertaken.**

Total Gross Area of Improvements (SF)	220,000		
<u>Description</u>		<u>Total Budget</u>	<u>Per Gross SF</u>
Land Cost		10,500,000	47.73
Hard Costs		45,600,000	207.27
Soft Costs		6,840,000	31.09
Hard Cost Contingency @ 10%		4,560,000	20.73
Operating Reserve		3,350,000	15.23
Total Project Costs		70,850,000	322.05
Gross SF (Residential)	159,482		
Gross SF (Total)	220,000		
Allocable Share (Residential)	72.49%	51,360,567	

**11. Detail the source, method and amount of money to be subscribed through the investment of private capital, setting for the amount of stock or other securities to be issued therefore or the extent of capital invested and the proprietary or ownership interest obtained in consideration therefore.**

Equity Investment – 35%	\$24,797,500
Construction Debt – 65%	\$46,052,500
Total Project Cost – 100%	\$70,850,000

**SECTION D: TAX ABATEMENT / EXEMPTION**

**12. Attach a fiscal plan for the proposed project outlining a schedule of annual gross revenue, the estimated expenditures for operation and maintenance, and payments of interest, amortization of debt and reserves, and payments to the Township to be made pursuant to a financial agreement to be entered into with the Township.**

Please find fiscal plan attached as Exhibit C.

**13. Provide the annual estimated payments in lieu of taxes during the term of the Tax Abatement / Exemption.**

Please find estimated payments in lieu of taxes attached as Exhibit D.

**14. Attach a proposed form of Financial Agreement.**

**15. I certify that all the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.**

---

Signature

---

Print Name and Title

---

Date

APPLICATION FOR LONG TERM TAX EXEMPTION

**Exhibit A**

Certificate of Formation and DCA Approval

See Exhibit D to AL/IL Long Term Tax Exemption Financial Agreement.

APPLICATION FOR LONG TERM TAX EXEMPTION

**Exhibit B**

Estimated Project Schedule

Task	Date for Completion
Subdivision/Site Plan Application Submission	Three months from execution of Financial Agreements pursuant to Section 5.2
Obtain All Government Approvals	Eighteen months from Subdivision/Site Plan Application Submission
Commencement of Site Work, including installation of driveways, Septic Treatment Facility, and infrastructure	Three Months from Obtaining All Government Approvals, Weather Permitting
Commence Construction of Townhome and/or Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Six Months from Commencement of Site Work, Weather Permitting and Provided No Unexpected Site Conditions Are Encountered
Certificate of Occupancy and Certificate of Completion for Assisted Living Residences, Dementia Care Home Units, and Independence Living Units	Two Years from Commencement of Construction of Assisted Living Residences, Dementia Care Home Units, and Independence Living Units

APPLICATION FOR LONG TERM TAX EXEMPTION

**Exhibit C**

Fiscal Plan

# **Harding** **3/9/20**

## **2018 Tax Data**

<u>Description</u>	<u>2018</u>	<u>% of Total</u>
Net Taxable Value	1,999,521,290	24.515
General Tax Rate	1.1300%	0.856
Equalization Ratio	90.2200%	25.371
Total Equalized Value	2,217,959,161	25.371
County Levy	5,538,500.06	45.969
County Library Levy	0	0.000
County OS Levy	193,499.94	0.000
Sub-Total County	5,732,000.00	45.969
District School Levy	10,385,445.00	0.000
Regional School Levy	0.00	0.000
Local School Levy	0.00	0.000
Sub-Total School	10,385,445.00	45.969
Municipal Levy	5,675,195.47	25.120
Municipal Open Space Levy	799,809.00	3.540
Municipal Library Levy	0.00	0.000
Sub-Total Municipal	6,475,004.47	28.660
Total Levy	22,592,449.47	100.000
Eq. Tax Rate (from EQ Ratio)	1.0195%	
2022 Eq. Tax Rate (Proj.)	1.1035%	

**Hurstmont  
3/9/2020**

**Assessed Value History**

<u>Year</u>	<u>Block</u>	<u>Lot</u>	<u>Address</u>	<u>Total AV</u>	<u>Land AV</u>	<u>Improv. AV</u>	<u>Tax Rate</u>	<u>Taxes</u>
2019	27	2	679 Mt. Kemble	2,444,300	696,800	1,747,500	1.1526%	28,173
Allocable Share (Rental Site)	42.10%			1,029,070	293,358	735,711	1.1526%	11,861

43,899

**Hurstmont  
3/9/2020**

**Usable Area**

<u>Unit Type</u>	<u># Units</u>	<u>Gross Area per Unit</u>	<u>Total Gross Area</u>	<u>Net Area per Unit</u>	<u>Total Net Area</u>
IL COAH	31	765	23,706	650	20,150
IL 1 BR	42	765	32,118	650	27,300
IL 1 BR/Den	31	941	29,176	800	24,800
IL 2 BR	21	1,176	24,706	1,000	21,000
AL Studio	7	447	3,129	380	2,660
AL 1 BR	39	647	25,235	550	21,450
AL 2 BR	10	1,000	10,000	850	8,500
AL Semi	5	447	2,235	380	1,900
Medicare Private	24	382	9,176	325	7,800
<b>Total</b>	<b>210</b>		<b>159,482</b>		<b>135,560</b>
<b>Other Uses</b>			<b>100,518</b>		
<b>Total Area</b>			<b>260,000</b>		

**Hurstmont**  
**3/9/2020**

**Projected Rent from Operator**

<u>Assumptions</u>		<u>Period</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>	<u>PILOT @10%</u>
Total Building Square Feet	220,000	Year 1	88,000	1,056,000	105,600
Building Loss Factor	80.00%	Year 2	176,000	2,112,000	211,200
Rentable Square Feet	176,000	Year 3	264,000	3,168,000	316,800
Real Estate Rent (Monthly)	2.50	Year 4	352,000	4,224,000	422,400
		Year 5	440,000	5,280,000	528,000
Initial Monthly Rent (NNN)	440,000	Years 6-10	485,796	5,829,547	582,955
(5 Year Phase-In @20%/Year)		Years 11-1	536,358	6,436,291	643,629
Initial Lease Term (Years)	30	Years 16-2	592,182	7,106,185	710,618
Rental Increase %	2.00%	Years 21-2	653,817	7,845,802	784,580
(Applied every 5 Years)		Years 26-3	721,867	8,662,400	866,240
		Average	718,336	6,508,037	650,804

Hurstmont  
3/9/2020

**Financial Analysis (Full Taxes)**  
**Operating Projection by Year**

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>2022 Year 1</u>	<u>Year 2</u>
Occupancy Factor						0.500	0.800
<u>Revenue</u>							
Operator Rents						1,056,000	2,112,000
Operating Reserve						3,700,000	2,650,000
Total Revenue						4,756,000	4,762,000

Total Residential Area

<u>Expense</u>	<u>Rate per SF or AGR</u>	<u>Basis</u>	<u>Ann. Esc.</u>	<u>2022 Year 1</u>	<u>Year 2</u>
Operating Expenses (Res.)	0.000	0	0.0300	0	0
Full Taxes	1.104%	80,000,000	0.0300	882,820	909,304
Replacement Reserve	0.000	TOR	N/A	0	0
Management Fee	0.000	TOR	N/A	0	0
Total Operating Expense				882,820	909,304

Net Income to Developer		Land Equity	Cash Equity		
Equity Investment	30,975,000	10,500,000	20,475,000	4,756,000	4,762,000
Mortgage Principal	57,525,000				
Rate	0.0550				
Term	30				
Annual Debt Payment	3,958,030			3,958,030	3,958,030

Projected Cash Flow

Coverage Ratio				797,970	803,970
(Operating Cash Flow/Debt Service Requirement)				120.2%	120.3%

Analysis of Mortgage

# Hurstmont

3/9/2020

## Financial Analysis (Full Taxes) Operating Projection by Year

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>2022 Year 1</u>	<u>Year 2</u>
Beginning Balance						57,525,000	56,730,845
Interest Payment						3,163,875	3,120,196
Principal Payment						794,155	837,834
Ending Balance						56,730,845	55,893,011
<u>Analysis of Earnings</u>							
Principal Payment						794,155	837,834
Operating Cash Flow						797,970	803,970
Total Cash Flow (incl Residual Value)					(30,975,000)	797,970	803,970
Total Equity						30,975,000	30,975,000
Earnings as % of Equity						2.58%	2.60%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate	7.00%						
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	10,500,000		0.020			10,500,000	10,710,000
Equalized Tax Rate	0.01104					0.01104	0.01104
Municipal %	0.28660					0.28660	0.28660
Municipal Share of Land Tax						33,208	33,873
Improvement Value for RE Tax	69,500,000		0.020			69,500,000	70,890,000
Equalized Tax Rate	0.01104					0.01104	0.01104
Municipal %	0.28660					0.28660	0.28660
Municipal Share of Impr. Tax						219,808	224,204

**Hurstmont  
3/9/2020**

**Financial Analysis (Full Taxes)  
Operating Projection by Year**

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>2022 Year 1</u>	<u>2022 Year 2</u>
Total Municipal Share						253,016	258,077
IRR	8.77%						
Yield to Cost						5.374%	5.381%
Average YTC	7.674%						

# Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	3,168,000	4,224,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Operating Reserve	1,600,000	550,000	0	0	0	0	0
Total Revenue	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547

## Total Residential Area

<u>Expense</u>							
Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	936,583	964,681	993,621	1,023,430	1,054,133	1,085,757	1,118,329
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	936,583	964,681	993,621	1,023,430	1,054,133	1,085,757	1,118,329
Net Income to Developer	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Coverage Ratio							
(Operating Cash Flow/Debt Service)	120.5%	120.6%	133.4%	147.3%	147.3%	147.3%	147.3%

## Analysis of Mortgage

# Hurstmont

## 3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Beginning Balance	55,893,011	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564
Interest Payment	3,074,116	3,025,500	2,974,211	2,920,101	2,863,015	2,802,789	2,739,251
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Ending Balance	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564	48,585,785
<u>Analysis of Earnings</u>							
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Operating Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Cash Flow (incl Residual Val	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	2.61%	2.63%	4.27%	6.04%	6.04%	6.04%	6.04%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	10,924,200	11,142,684	11,365,538	11,592,848	11,824,705	12,061,200	12,302,424
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	34,550	35,241	35,946	36,665	37,398	38,146	38,909
Improvement Value for RE Tax	72,307,800	73,753,956	75,229,035	76,733,616	78,268,288	79,833,654	81,430,327
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr. Tax	228,688	233,262	237,927	242,686	247,540	252,490	257,540

# Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Total Municipal Share	263,238	268,503	273,873	279,351	284,938	290,636	296,449
IRR							
Yield to Cost	5.388%	5.394%	5.966%	6.587%	6.587%	6.587%	6.587%
Average YTC							

## Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185

Total Residential Area

<u>Expense</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	1,151,879	1,186,436	1,222,029	1,258,690	1,296,450	1,335,344	1,375,404
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,151,879	1,186,436	1,222,029	1,258,690	1,296,450	1,335,344	1,375,404
Net Income to Developer	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Coverage Ratio							
(Operating Cash Flow/Debt Service)	147.3%	162.6%	162.6%	162.6%	162.6%	162.6%	179.5%

Analysis of Mortgage

# Hurstmont

## 3/9/2020

Description	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Beginning Balance	48,585,785	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047
Interest Payment	2,672,218	2,601,499	2,526,889	2,448,177	2,365,135	2,277,525	2,185,098
Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Ending Balance	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047	37,956,114

### Analysis of Earnings

Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Operating Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Cash Flow (incl Residual Val	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	6.04%	8.00%	8.00%	8.00%	8.00%	8.00%	10.16%

### Analysis of Residual Value

Total Net Earnings  
Capitalization Rate  
Projected Value

### Analysis of Municipal Receipts

Land Value for RE Tax	12,548,472	12,799,441	13,055,430	13,316,539	13,582,870	13,854,527	14,131,618
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	39,687	40,481	41,290	42,116	42,959	43,818	44,694
Improvement Value for RE Tax	83,058,934	84,720,112	86,414,514	88,142,805	89,905,661	91,703,774	93,537,850
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr.Tax	262,691	267,945	273,304	278,770	284,345	290,032	295,833

**Hurstmont**  
**3/9/2020**

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Total Municipal Share	302,378	308,426	314,594	320,886	327,304	333,850	340,527
IRR							
Yield to Cost	6.587%	7.273%	7.273%	7.273%	7.273%	7.273%	8.030%
Average YTC							

## Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Occupancy Factor	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802

Total Residential Area

### Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	1,416,666	1,459,166	1,502,941	1,548,029	1,594,470	1,642,304	1,691,574
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,416,666	1,459,166	1,502,941	1,548,029	1,594,470	1,642,304	1,691,574
Net Income to Developer	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030

Projected Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
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Coverage Ratio							
(Operating Cash Flow/Debt Service)	179.5%	179.5%	179.5%	179.5%	198.2%	198.2%	198.2%

### Analysis of Mortgage

## Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Beginning Balance	37,956,114	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402
Interest Payment	2,087,586	1,984,712	1,876,179	1,761,678	1,640,878	1,513,435	1,378,982
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Ending Balance	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402	22,493,355
<u>Analysis of Earnings</u>							
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Operating Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Cash Flow (Incl Residual Val	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	10.16%	10.16%	10.16%	10.16%	12.55%	12.55%	12.55%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	14,414,250	14,702,535	14,996,586	15,296,517	15,602,448	15,914,497	16,232,787
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	45,588	46,500	47,430	48,378	49,346	50,333	51,340
Improvement Value for RE Tax	95,408,607	97,316,779	99,263,114	101,248,376	103,273,344	105,338,811	107,445,587
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr. Tax	301,749	307,784	313,940	320,219	326,623	333,156	339,819

**Hurstmont**  
**3/9/2020**

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Total Municipal Share	347,337	354,284	361,370	368,597	375,969	383,488	391,158
IRR							
Yield to Cost	8.030%	8.030%	8.030%	8.030%	8.865%	8.865%	8.865%
Average YTC							

# Hurstmont

## 3/9/2020

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Total Residential Area							

<u>Expense</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
Operating Expenses (Res.)	0	0	0	0	0	0	0
Full Taxes	1,742,321	1,794,590	1,848,428	1,903,881	1,960,997	2,019,827	2,080,422
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,742,321	1,794,590	1,848,428	1,903,881	1,960,997	2,019,827	2,080,422
Net Income to Developer	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	4,704,370
Coverage Ratio							
(Operating Cash Flow/Debt Service)	198.2%	198.2%	218.9%	218.9%	218.9%	218.9%	218.9%
Analysis of Mortgage							

# Hurstmont

## 3/9/2020

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
Beginning Balance	22,493,355	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789	3,751,687
Interest Payment	1,237,135	1,087,485	929,605	763,042	587,318	401,928	206,343
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102	3,751,687
Ending Balance	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789	3,751,687	(0)
<u>Analysis of Earnings</u>							
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102	3,751,687
Operating Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	4,704,370
Total Cash Flow (incl Residual Val	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	128,452,936
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	12.55%	12.55%	15.19%	15.19%	15.19%	15.19%	414.70%
<u>Analysis of Residual Value</u>							
Total Net Earnings							8,662,400
Capitalization Rate							7.00%
Projected Value							123,748,566
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	16,557,442	16,888,591	17,226,363	17,570,890	17,922,308	18,280,754	18,646,369
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	52,366	53,414	54,482	55,572	56,683	57,817	58,973
Improvement Value for RE Tax	109,594,499	111,786,389	114,022,117	116,302,559	118,628,610	121,001,182	123,421,206
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Impr. Tax	346,615	353,547	360,618	367,831	375,187	382,691	390,345

# Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
Total Municipal Share	398,981	406,961	415,100	423,402	431,870	440,508	449,318
IRR							
Yield to Cost	8.865%	8.865%	9.788%	9.788%	9.788%	9.788%	9.788%
Average YTC							

**Hurstmont  
3/9/2020**

**Full Tax Basis**

Net Leasable Area	135,560
<u>Replacement Cost Basis</u>	
Total Project Cost	88,500,000
Less:	
Operating Reserve	8,500,000
Total Replacement Cost Value	80,000,000
Projected 2022 Equalized Tax Rate	1.1035%
2022 Projected Full Taxes	882,820
Taxes per Leasable SF	6.512

**Hurstmont****3/9/2020**

Site % of Total Area  
 Land Assessment (2018)  
 2018 Tax Rate  
 Equalization Rate  
 2018 Equalized Tax Rate  
 PV Escalation Rate  
 Annual Revenue Esc.  
 Proj 2022 Eq. Rate

**PILOT Details**  
**(10% PILOT (1-5); 80% Tax (6-15); 90% T**

100.00%  
 293,358 Prior Year Taxes 11,861  
 1.130% Equalized Value of Land (2022) 10,500,000  
 90.2200% Proj. Eq. Value (2022) 80,000,000  
 1.0195% Proj. Full Taxes (2022) 882,820  
 2.0000% Projected Annual Tax Rate Increase 2.0000%  
 2.0000% Municipal Share of Taxes 28.6600%  
 1.1035%

Year	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Calendar Year	2023	2024	2025	2026	2027	2028
Project Completion Indicator	1	1	1	1	1	1
Annual Gross Revenue	1,056,000	2,112,000	3,168,000	4,224,000	5,280,000	5,829,547
PILOT Rate	10.00%	10.00%	10.00%	10.00%	10.00%	12.00%
Formula PILOT Payment	105,600	211,200	316,800	422,400	528,000	699,546
Prior Full Taxes	11,861	11,861	11,861	11,861	11,861	11,861
Min % of Full Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	80.00%
Projected Theoretical Taxes	882,820	900,476	918,485	936,855	955,592	974,704
Municipal Share (Full Tax)	253,016	258,077	263,238	268,503	273,873	279,351
PILOT per Statute	105,600	211,200	316,800	422,400	528,000	779,763
Land Taxes	115,870	118,187	120,551	122,962	125,421	127,930
Municipal Share (Land Tax)	33,208	33,873	34,550	35,241	35,946	36,665
Add'l PILOT for RAB	0	0	0	0	0	0
Gross PILOT	105,600	211,200	316,800	422,400	528,000	779,763
Pledged to RAB	0	0	0	0	0	0
Net PILOT (After LT Credit)	105,600	95,330	198,613	301,849	405,038	654,342
County Share (PILOT)	5,280	4,766	9,931	15,092	20,252	32,717
Municipal Share (PILOT)	100,320	90,563	188,682	286,756	384,786	621,625
Total Municipal Share	133,528	124,436	223,232	321,997	420,732	658,289
<u>MS (Tax) v MS (PILOT)</u>	119,488	133,641	40,006	(53,494)	(146,859)	(378,939)

ax (16-30))

<u>7</u> 2029 1	<u>8</u> 2030 1	<u>9</u> 2031 1	<u>10</u> 2032 1	<u>11</u> 2033 1	<u>12</u> 2034 1	<u>13</u> 2035 1	<u>14</u> 2036 1
5,829,547	5,829,547	5,829,547	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291
12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
699,546	699,546	699,546	699,546	772,355	772,355	772,355	772,355
11,861	11,861	11,861	11,861	11,861	11,861	11,861	11,861
80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
994,198	1,014,082	1,034,364	1,055,051	1,076,152	1,097,675	1,119,629	1,142,021
284,938	290,636	296,449	302,378	308,426	314,594	320,886	327,304
795,359	811,266	827,491	844,041	860,922	878,140	895,703	913,617
130,489	133,098	135,760	138,475	141,245	144,070	146,951	149,890
37,398	38,146	38,909	39,687	40,481	41,290	42,116	42,959
0	0	0	0	0	0	0	0
795,359	811,266	827,491	844,041	860,922	878,140	895,703	913,617
0	0	0	0	0	0	0	0
667,429	680,777	694,393	708,281	722,446	736,895	751,633	766,666
33,371	34,039	34,720	35,414	36,122	36,845	37,582	38,333
634,057	646,738	659,673	672,867	686,324	700,050	714,051	728,332
671,455	684,884	698,582	712,554	726,805	741,341	756,168	771,291
(386,518)	(394,248)	(402,133)	(410,176)	(418,379)	(426,747)	(435,282)	(443,987)

<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>
2037	2038	2039	2040	2041	2042	2043	2044
1	1	1	1	1	1	1	1
6,436,291	7,106,185	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802
12.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
772,355	923,804	923,804	923,804	923,804	923,804	1,019,954	1,019,954
11,861	11,861	11,861	11,861	11,861	11,861	11,861	11,861
80.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
1,164,862	1,188,159	1,211,922	1,236,160	1,260,884	1,286,101	1,311,823	1,338,060
333,850	340,527	347,337	354,284	361,370	368,597	375,969	383,488
931,889	1,069,343	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254
152,888	155,946	159,065	162,246	165,491	168,801	172,177	175,620
43,818	44,694	45,588	46,500	47,430	48,378	49,346	50,333
0	0	0	0	0	0	0	0
931,889	1,069,343	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254
0	0	0	0	0	0	0	0
781,999	916,455	934,784	953,480	972,549	992,000	1,011,840	1,032,077
39,100	45,823	46,739	47,674	48,627	49,600	50,592	51,604
742,899	870,632	888,045	905,806	923,922	942,400	961,248	980,473
786,717	915,326	933,633	952,305	971,352	990,779	1,010,594	1,030,806
(452,867)	(574,800)	(586,296)	(598,021)	(609,982)	(622,181)	(634,625)	(647,318)

<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>
2045	2046	2047	2048	2049	2050	2051	2052
1	1	1	1	1	1	1	1
7,845,802	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
1,019,954	1,019,954	1,019,954	1,126,112	1,126,112	1,126,112	1,126,112	1,126,112
11,861	11,861	11,861	11,861	11,861	11,861	11,861	11,861
90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
1,364,821	1,392,117	1,419,960	1,448,359	1,477,326	1,506,873	1,537,010	1,567,750
391,158	398,981	406,961	415,100	423,402	431,870	440,508	449,318
1,228,339	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
179,133	182,715	186,370	190,097	193,899	197,777	201,733	205,767
51,340	52,366	53,414	54,482	55,572	56,683	57,817	58,973
0	0	0	0	0	0	0	0
1,228,339	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
0	0	0	0	0	0	0	0
1,052,719	1,073,773	1,095,248	1,117,153	1,139,496	1,162,286	1,185,532	1,209,243
52,636	53,689	54,762	55,858	56,975	58,114	59,277	60,462
1,000,083	1,020,084	1,040,486	1,061,296	1,082,522	1,104,172	1,126,256	1,148,781
1,051,422	1,072,451	1,093,900	1,115,778	1,138,093	1,160,855	1,184,072	1,207,754
(660,264)	(673,469)	(686,939)	(700,677)	(714,691)	(728,985)	(743,564)	(758,436)

**Total**

195,241,120

24,292,854

35,814,293

10,264,390

28,614,785

4,700,626

1,347,201

0

28,614,785

0

24,119,926

1,205,996

22,913,930

24,261,131

(13,996,741)

Hurstmont  
3/9/2020

Financial Analysis (PILOT)  
Operating Projection by Year

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>Year 1 PILOT per Unit</u>	<u>Year 1</u>	<u>Year 2</u>
Occupancy Factor							1	2
<u>Revenue</u>							0.500	0.800
Operator Rents							1,056,000	2,112,000
Operating Reserve							3,700,000	2,650,000
Total Revenue							4,756,000	4,762,000
Total Residential Area								
<u>Expense</u>	<u>Rate per SF or AGR</u>	<u>Basis</u>	<u>Ann. Esc.</u>					
Operating Expenses (Res.)	0.000	0	0.0300				0	0
PILOT	(From PILOT Schedule)						105,600	211,200
Replacement Reserve	0.000	TOR	N/A				0	0
Management Fee	0.000	TOR	N/A				0	0
Total Operating Expense							105,600	211,200
Net Income to Developer							4,756,000	4,762,000
Equity Investment	30,975,000	Land Equity	Cash Equity					
Mortgage Principal	57,525,000	10,500,000	20,475,000				3,958,030	3,958,030
Rate	0.0550							
Term	30							
Annual Debt Payment	3,958,030						797,970	803,970
Projected Cash Flow								
Coverage Ratio							120.2%	120.3%
(Operating Cash Flow/Debt Service Requirement)								
<u>Analysis of Mortgage</u>								

# Hurstmont

3/9/2020

## Financial Analysis (PILOT) Operating Projection by Year

Description	Unit Size	# Units	Ann. Esc.	Initial Rent/SF	Initial Monthly Rent	Year 1 PILOT per Unit	Year 1	Year 2
Beginning Balance							57,525,000	56,730,845
Interest Payment							3,163,875	3,120,196
Principal Payment							794,155	837,834
Ending Balance							56,730,845	55,893,011
<u>Analysis of Earnings</u>								
Principal Payment							794,155	837,834
Operating Cash Flow							797,970	803,970
Total Cash Flow (incl Residual Value)						(30,975,000)	797,970	803,970
Total Equity							30,975,000	30,975,000
Earnings as % of Equity							2.58%	2.60%
<u>Analysis of Residual Value</u>								
Total Net Earnings			7.00%					
Capitalization Rate								
Projected Value								
<u>Analysis of Municipal Receipts</u>								
Land Value for RE Tax	10,500,000						10,500,000	10,710,000
Equalized Tax Rate	0.01104						0.01104	0.01104
Municipal %	0.28660						0.28660	0.28660
Municipal Share of Land Tax							33,208	33,873
PILOT Payment							115,870	118,187
Less Land Tax							105,600	211,200
Net PILOT							0	115,870
Municipal %		0.95					105,600	95,330
Municipal Share of PILOT							0.95000	0.95000
							100,320	90,563

**Hurstmont  
3/9/2020**

**Financial Analysis (PILOT)  
Operating Projection by Year**

<u>Description</u>	<u>Unit Size</u>	<u># Units</u>	<u>Ann. Esc.</u>	<u>Initial Rent/SF</u>	<u>Initial Monthly Rent</u>	<u>Year 1 PILOT per Unit</u>	<u>Year 1</u> 133,528	<u>Year 2</u> 124,436	
Total Municipal Share									
IRR									
Yield to Cost	8.63%								
Average YTC	7.674%						5.374%	5.381%	

# Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	3,168,000	4,224,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Operating Reserve	1,600,000	550,000	0	0	0	0	0
Total Revenue	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547

Total Residential Area

<u>Expense</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	316,800	422,400	528,000	779,763	795,359	811,266	827,491
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	316,800	422,400	528,000	779,763	795,359	811,266	827,491
Net Income to Developer	4,768,000	4,774,000	5,280,000	5,829,547	5,829,547	5,829,547	5,829,547
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Coverage Ratio							
(Operating Cash Flow/Debt Service)	120.5%	120.6%	133.4%	147.3%	147.3%	147.3%	147.3%

Analysis of Mortgage

## Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Beginning Balance	55,893,011	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564
Interest Payment	3,074,116	3,025,500	2,974,211	2,920,101	2,863,015	2,802,789	2,739,251
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Ending Balance	55,009,097	54,076,567	53,092,748	52,054,820	50,959,805	49,804,564	48,585,785
<u>Analysis of Earnings</u>							
Principal Payment	883,914	932,530	983,819	1,037,929	1,095,015	1,155,241	1,218,779
Operating Cash Flow	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Cash Flow (incl Residual Val	809,970	815,970	1,321,970	1,871,517	1,871,517	1,871,517	1,871,517
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	2.61%	2.63%	4.27%	6.04%	6.04%	6.04%	6.04%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	10,924,200	11,142,684	11,365,538	11,592,848	11,824,705	12,061,200	12,302,424
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	34,550	35,241	35,946	36,665	37,398	38,146	38,909
PILOT Payment	120,551	122,962	125,421	127,930	130,489	133,098	135,760
Less Land Tax	316,800	422,400	528,000	779,763	795,359	811,266	827,491
Net PILOT	118,187	120,551	122,962	125,421	127,930	130,489	133,098
Municipal %	198,613	301,849	405,038	654,342	667,429	680,777	694,393
Municipal Share of PILOT	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
	188,682	286,756	384,786	621,625	634,057	646,738	659,673

**Hurstmont  
3/9/2020**

<u>Description</u>	<u>Year</u> <u>3</u>	<u>Year</u> <u>4</u>	<u>Year</u> <u>5</u>	<u>Year</u> <u>6</u>	<u>Year</u> <u>7</u>	<u>Year</u> <u>8</u>	<u>Year</u> <u>9</u>
Total Municipal Share	223,232	321,997	420,732	658,289	671,455	684,884	698,582
IRR							
Yield to Cost	5.388%	5.394%	5.966%	6.587%	6.587%	6.587%	6.587%
Average YTC							

# Hurstmont

## 3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185

Total Residential Area

<u>Expense</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	844,041	860,922	878,140	895,703	913,617	931,889	1,069,343
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	844,041	860,922	878,140	895,703	913,617	931,889	1,069,343
Net Income to Developer	5,829,547	6,436,291	6,436,291	6,436,291	6,436,291	6,436,291	7,106,185
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Coverage Ratio							
(Operating Cash Flow/Debt Service)	147.3%	162.6%	162.6%	162.6%	162.6%	162.6%	179.5%

Analysis of Mortgage

## Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Beginning Balance	48,585,785	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047
Interest Payment	2,672,218	2,601,499	2,526,889	2,448,177	2,365,135	2,277,525	2,185,098
Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Ending Balance	47,299,973	45,943,441	44,512,301	43,002,447	41,409,552	39,729,047	37,956,114
<u>Analysis of Earnings</u>							
Principal Payment	1,285,812	1,356,532	1,431,141	1,509,854	1,592,895	1,680,505	1,772,932
Operating Cash Flow	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Cash Flow (incl Residual Val	1,871,517	2,478,260	2,478,260	2,478,260	2,478,260	2,478,260	3,148,155
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	6.04%	8.00%	8.00%	8.00%	8.00%	8.00%	10.16%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	12,548,472	12,799,441	13,055,430	13,316,539	13,582,870	13,854,527	14,131,618
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	39,687	40,481	41,290	42,116	42,959	43,818	44,694
PILOT Payment	138,475	141,245	144,070	146,951	149,890	152,888	155,946
Less Land Tax	844,041	860,922	878,140	895,703	913,617	931,889	1,069,343
Net PILOT	135,760	138,475	141,245	144,070	146,951	149,890	152,888
Municipal %	708,281	722,446	736,895	751,633	766,666	781,999	916,455
Municipal Share of PILOT	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
	672,867	686,324	700,050	714,051	728,332	742,899	870,632

**Hurstmont  
3/9/2020**

<u>Description</u>	<u>Year</u> <u>10</u>	<u>Year</u> <u>11</u>	<u>Year</u> <u>12</u>	<u>Year</u> <u>13</u>	<u>Year</u> <u>14</u>	<u>Year</u> <u>15</u>	<u>Year</u> <u>16</u>
Total Municipal Share	712,554	726,805	741,341	756,168	771,291	786,717	915,326
IRR							
Yield to Cost	6.587%	7.273%	7.273%	7.273%	7.273%	7.273%	8.030%
Average YTC							

## Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
<u>Occupancy Factor</u>	0.950	0.950	0.950	0.950	0.950	0.950	0.950
<u>Revenue</u>							
Operator Rents	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802

Total Residential Area

<u>Expense</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254	1,228,339
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254	1,228,339
Net Income to Developer	7,106,185	7,106,185	7,106,185	7,106,185	7,845,802	7,845,802	7,845,802
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Coverage Ratio							
(Operating Cash Flow/Debt Service)	179.5%	179.5%	179.5%	179.5%	198.2%	198.2%	198.2%

Analysis of Mortgage

# Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Beginning Balance	37,956,114	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402
Interest Payment	2,087,586	1,984,712	1,876,179	1,761,678	1,640,878	1,513,435	1,378,982
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Ending Balance	36,085,671	34,112,353	32,030,502	29,834,149	27,516,998	25,072,402	22,493,355
<u>Analysis of Earnings</u>							
Principal Payment	1,870,444	1,973,318	2,081,851	2,196,352	2,317,152	2,444,595	2,579,048
Operating Cash Flow	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Cash Flow (incl Residual Val	3,148,155	3,148,155	3,148,155	3,148,155	3,887,772	3,887,772	3,887,772
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	10.16%	10.16%	10.16%	10.16%	12.55%	12.55%	12.55%
<u>Analysis of Residual Value</u>							
Total Net Earnings							
Capitalization Rate							
Projected Value							
<u>Analysis of Municipal Receipts</u>							
Land Value for RE Tax	14,414,250	14,702,535	14,996,586	15,296,517	15,602,448	15,914,497	16,232,787
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	45,588	46,500	47,430	48,378	49,346	50,333	51,340
PILOT Payment	159,065	162,246	165,491	168,801	172,177	175,620	179,133
Less Land Tax	1,090,730	1,112,544	1,134,795	1,157,491	1,180,641	1,204,254	1,228,339
Net PILOT	155,946	159,065	162,246	165,491	168,801	172,177	175,620
Municipal %	934,784	953,480	972,549	992,000	1,011,840	1,032,077	1,052,719
Municipal Share of PILOT	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
	888,045	905,806	923,922	942,400	961,248	980,473	1,000,083

**Hurstmont  
3/9/2020**

<u>Description</u>	<u>Year</u> <u>17</u>	<u>Year</u> <u>18</u>	<u>Year</u> <u>19</u>	<u>Year</u> <u>20</u>	<u>Year</u> <u>21</u>	<u>Year</u> <u>22</u>	<u>Year</u> <u>23</u>
Total Municipal Share	933,633	952,305	971,352	990,779	1,010,594	1,030,806	1,051,422
IRR							
Yield to Cost	8.030%	8.030%	8.030%	8.030%	8.865%	8.865%	8.865%
Average YTC							

## Hurstmont 3/9/2020

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
Occupancy Factor	0.950	0.950	0.950	0.950	0.950	0.950	0.950
Revenue							
Operator Rents	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Operating Reserve	0	0	0	0	0	0	0
Total Revenue	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Total Residential Area							

### Expense

Operating Expenses (Res.)	0	0	0	0	0	0	0
PILOT	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
Replacement Reserve	0	0	0	0	0	0	0
Management Fee	0	0	0	0	0	0	0
Total Operating Expense	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309	1,410,975
Net Income to Developer	7,845,802	7,845,802	8,662,400	8,662,400	8,662,400	8,662,400	8,662,400
Equity Investment							
Mortgage Principal							
Rate							
Term							
Annual Debt Payment	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030	3,958,030
Projected Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370	4,704,370
Coverage Ratio							
(Operating Cash Flow/Debt Service)	198.2%	198.2%	218.9%	218.9%	218.9%	218.9%	218.9%

### Analysis of Mortgage

# Hurstmont

3/9/2020

Description	Year	Year	Year	Year	Year	Year
	24	25	26	27	28	29
Beginning Balance	22,493,355	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789
Interest Payment	1,237,135	1,087,485	929,605	763,042	587,318	401,928
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102
Ending Balance	19,772,459	16,901,914	13,873,489	10,678,501	7,307,789	3,751,687
						(0)
<u>Analysis of Earnings</u>						
Principal Payment	2,720,896	2,870,545	3,028,425	3,194,988	3,370,712	3,556,102
Operating Cash Flow	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370
Total Cash Flow (incl Residual Val	3,887,772	3,887,772	4,704,370	4,704,370	4,704,370	4,704,370
Total Equity	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000	30,975,000
Earnings as % of Equity	12.55%	12.55%	15.19%	15.19%	15.19%	15.19%
						383.82%
<u>Analysis of Residual Value</u>						
Total Net Earnings						7,992,953
Capitalization Rate						7.00%
Projected Value						114,185,042
<u>Analysis of Municipal Receipts</u>						
Land Value for RE Tax	16,557,442	16,888,591	17,226,363	17,570,890	17,922,308	18,280,754
Equalized Tax Rate	0.01104	0.01104	0.01104	0.01104	0.01104	0.01104
Municipal %	0.28660	0.28660	0.28660	0.28660	0.28660	0.28660
Municipal Share of Land Tax	52,366	53,414	54,482	55,572	56,683	57,817
	182,715	186,370	190,097	193,899	197,777	201,733
PILOT Payment	1,252,906	1,277,964	1,303,523	1,329,594	1,356,185	1,383,309
Less Land Tax	179,133	182,715	186,370	190,097	193,899	197,777
Net PILOT	1,073,773	1,095,248	1,117,153	1,139,496	1,162,286	1,185,532
Municipal %	0.95000	0.95000	0.95000	0.95000	0.95000	0.95000
Municipal Share of PILOT	1,020,084	1,040,486	1,061,296	1,082,522	1,104,172	1,126,256
						1,148,781

**Hurstmont  
3/9/2020**

<u>Description</u>	<u>Year</u> <u>24</u>	<u>Year</u> <u>25</u>	<u>Year</u> <u>26</u>	<u>Year</u> <u>27</u>	<u>Year</u> <u>28</u>	<u>Year</u> <u>29</u>	<u>Year</u> <u>30</u>
Total Municipal Share	1,072,451	1,093,900	1,115,778	1,138,093	1,160,855	1,184,072	1,207,754
IRR							
Yield to Cost	8.865%	8.865%	9.788%	9.788%	9.788%	9.788%	9.788%
Average YTC							

# APPLICATION FOR LONG TERM TAX EXEMPTION

## Exhibit D

### Estimated Payment in Lieu of Taxes

Year	Estimated Payment in Lieu of Taxes
1	\$105,600
2	\$211,200
3	\$316,800
4	\$422,400
5	\$528,000
6	\$702,696
7	\$713,236
8	\$723,935
9	\$734,794
10	\$745,816
11	\$772,355
12	\$772,355
13	\$779,883
14	\$791,582
15	\$803,455
16	\$923,804
17	\$931,207
18	\$945,175
19	\$959,353
20	\$973,743
21	\$1,019,954
22	\$1,019,954
23	\$1,019,954
24	\$1,033,496
25	\$1,048,998
26	\$1,126,112
27	\$1,126,112
28	\$1,126,112
29	\$1,126,112
30	\$1,130,069
TOTAL	\$24,634,264

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AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

**EXHIBIT C**

Passed Ordinance #06-2020

3/6/2020

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**HARDING TOWNSHIP  
ORDINANCE #06-2020**

**“AN ORDINANCE OF THE TOWNSHIP OF HARDING, COUNTY OF MORRIS, STATE OF  
NEW JERSEY, APPROVING THE EXECUTION OF A FINANCIAL AGREEMENT WITH  
HURSTMONT ESTATE URBAN RENEWAL ENTITY, LLC AND DETERMINING VARIOUS  
OTHER MATTERS IN CONNECTION THEREWITH”**

---

**WHEREAS**, on February 25, 2019, the Township of Harding (the “Township”) pursuant to Township Resolution No. 17-073 designated Lot 2, Block 27, and Lot 1, Block 34 as shown on the Tax Assessment Map of the Township, as an area in need of redevelopment (the “Redevelopment Area”) in accordance with the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended and supplemented (the “Redevelopment Law”); and

**WHEREAS**, the Township by Ordinance 13-2019, enacted June 24, 2019, and Ordinance 18-2019, enacted September 30, 2019, adopted the Glen Alpin/Hurstmont Redevelopment Plan, which sets forth the plan for the Redevelopment Area (the “Redevelopment Plan”); and

**WHEREAS**, Hurstmont Estate Urban Renewal Entity, LLC, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.* (the “Entity”), proposes to undertake a portion of the redevelopment which initially consists of the construction and operation of an age restricted living community (the “Community”) consisting of 250 units pursuant to the Redevelopment Plan; and

**WHEREAS**, as a part of the Redevelopment Plan, the northerly portion of the Lot 2, Block 27 (the “Parcel”) is to be redeveloped with approximately 125 Apartment Style Independent Living Units and no more than 85 units designated as Assisted Living Residences and/or units located within the Dementia Care Home (the “Project”), all as defined in the Redevelopment Plan; and

**WHEREAS**, pursuant to the Long Term Tax Exemption Law of 1992, *N.J.S.A. 40A:20-1 et seq.* (the “Tax Exemption Law”), the Township is authorized to provide for tax exemption within a redevelopment area and for payments in lieu of taxes in accordance with the applicable provisions thereof; and

**WHEREAS**, the Entity has submitted an application, a copy of which is attached as Exhibit A (the “Exemption Application”) to the Township for a tax exemption with respect to the improvements comprising the Parcel, and payment in lieu of taxes pursuant to the Tax Exemption Law; and

**WHEREAS**, the Exemption Application contains documentation evidencing financial responsibility and capability with respect to the proposed development; estimated total development costs; estimated time schedule for start and completion of the proposed development; and conceptual plans; and

**WHEREAS**, the Township evaluated the Exemption Application according to criteria which included financial capabilities, experience, expertise, and project concept descriptions; and

**WHEREAS**, in order to enhance the economic viability of and opportunity for a successful project, the Township will enter into a Financial Agreement with the Entity governing payments made to the Township in lieu of real estate taxes on the Parcel pursuant to the Tax Exemption Law, and

**WHEREAS**, the Township made the following findings:

In accordance with the Tax Exemption Law, specifically *N.J.S.A. 40A:20-11*, the Township hereby finds and determines that this Agreement is to the direct benefit of the health, welfare and financial well-being of the Township and its citizens because it allows for the development of a vacant property with an abandoned structure, with limited value on the Township's tax rolls, into a productive, useful and job-creating property, and further:

(a) The costs associated to the Township with the tax exemption granted herein are minor compared to the benefit created by (i) the construction of age-restricted housing units that will be available at a lower cost than would otherwise be the case, (ii) the creation of numerous construction-related jobs, (iii) the provision for affordable housing to be located in the Township, and (iv) the generation of full-time on-site employment.

(b) Without the tax exemption granted herein it is unlikely that the Project would otherwise be undertaken; and

**WHEREAS**, in order to set forth the terms and conditions under which the Entity and the Township (the "Parties") shall carry out their respective obligations with respect to payment of the Annual Service Charge (as that term is defined in the Financial Agreement attached hereto) by the Entity, in lieu of real property taxes; and

**WHEREAS**, the Entity owns or will own the Parcel, is qualified to do business under the provisions of the Tax Exemption Law, and has submitted to the Mayor the Exemption Application, which is on file with the Office of the Township Clerk, requesting a tax exemption for the Project; and

**WHEREAS**, there was also submitted to the Mayor by the Entity a financial agreement on file with the Office of the Township Clerk (the "Financial Agreement") (capitalized terms not defined herein shall have the meaning assigned to such terms in the Financial Agreement); and

**WHEREAS**, the Mayor has submitted the Application and Financial Agreement to the Municipal Council with his written recommendation of approval (the "Mayor's Recommendation"), a copy of which is attached hereto as Exhibit B;

**BE IT ORDAINED**, by the Township Committee of the Township of Harding, in the County of Morris, State of New Jersey, as follows:

1. The Entity is hereby designated to act as redeveloper for the Project, in accordance with the Redevelopment Plan and the plans and specifications contained in the Application, subject to the conditions and as more fully set forth in the form of Financial Agreement attached hereto.

2. The Exemption Application is hereby approved in accordance with the Mayor's Recommendation, a copy of which is attached hereto as Exhibit B.

3. The Township hereby finds and determines that the Financial Agreement is to the direct benefit of the health, welfare and financial well-being of the Township and its citizens because it allows for the development of a vacant and fallow site, not currently on the Township's tax rolls, into a productive, useful and job-creating property, and further (a) the costs associated to the Township with the tax exemption granted herein are minor compared to the benefit created by (i) the construction of age-restricted housing units that will be available at a lower cost than would otherwise be the case, (ii) the creation of numerous construction-related jobs and (iii) the provision for affordable housing to be located in the Township, and (iv) the generation of full-time on-site employment, and (b) without the tax exemption granted herein it is unlikely that the Project would otherwise be undertaken.

4. An exemption from taxation is hereby granted with respect to the Project for the term set forth in the Financial Agreement, but in no event shall the tax exemption extend beyond the earlier of (i) thirty five (35) years from the date of execution of the Financial Agreement or (ii) thirty (30) years from the date of the last Certificate of Completion (as defined in the Financial Agreement) and only so long as the Entity (and each applicable successor) remains subject to and complies with the Financial Agreement and the Tax Exemption Law. To the extent of any inconsistency with any prior Township ordinance and/or Township Code provision governing the granting of long-term tax exemptions, including, *inter alia*, procedures for application, review and approval, required terms of the financial agreement, required conditions and covenants, limits on duration, means of enforcement, and all other matters whatsoever, such prior Township ordinances and/or Township Code provisions are hereby waived (or, alternatively, shall be deemed to be amended and/or superseded by this ordinance) to the extent of such inconsistency, but only with respect to this Ordinance.

5. The Financial Agreement, in substantially the form attached hereto as Exhibit C, is approved. The Mayor of the Township is hereby authorized to execute, on the Township's behalf, the Financial Agreement in substantially such form, with such editorial changes as the Mayor shall determine, in consultation with the Township's Redevelopment Counsel, such determination to be conclusively evidenced by his execution of the Financial Agreement. The Financial Agreement is not to be signed until the Entity has entered into a Redevelopment Agreement with the Township. The Township Clerk is hereby authorized and directed to attest to the execution of the Financial Agreement by the Authorized Officers of the Township as determined hereunder and to affix the corporate seal of the Township to the Financial Agreement.

6. An executed copy of the Financial Agreement shall be certified by the Township Clerk and filed with the Office of the Township Clerk. The Office of the Township Clerk shall also forthwith file certified copies of this ordinance and the Financial Agreement with the Director of the Division of Local Government Services pursuant to *N.J.S.A. 40A:20-12*.

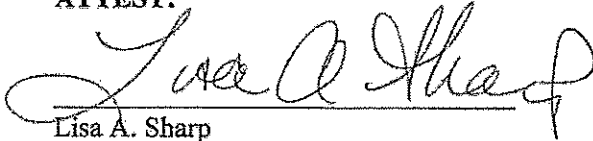
7. Upon the execution of the Financial Agreement as contemplated herein, either the Entity or the Township (through its Authorized Officers and the Township Clerk) may file and record this ordinance and the Financial Agreement with the Morris County Clerk such that the Financial Agreement

and this ordinance shall be reflected upon the land records of the County of Morris as a lien upon and a covenant running with each and every condominium unit constituting the Parcel.

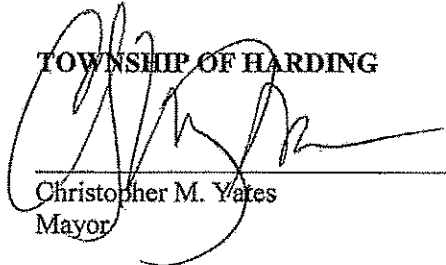
8. The Authorized Officers of the Township are hereby further severally authorized and directed to (i) execute and deliver, and the Township Clerk is hereby further authorized and directed to attest to such execution and to affix the corporate seal of the Township to, any document, instrument or certificate deemed necessary, desirable or convenient by the Authorized Officers or the Township Clerk, as applicable, in their respective sole discretion, after consulting with the Township's Redevelopment Counsel, to be executed in connection with the execution and delivery of the Financial Agreement and the consummation of the transactions contemplated thereby, which determination shall be conclusively evidenced by the execution of each such certificate or other document by the party authorized hereunder to execute such certificate or other document, and (ii) perform such other actions as the Authorized Officers deem necessary, desirable or convenient in relation to the execution and delivery thereof.

9. This ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

ATTEST:

  
\_\_\_\_\_  
Lisa A. Sharp  
Municipal Clerk

TOWNSHIP OF HARDING

  
\_\_\_\_\_  
Christopher M. Yates  
Mayor

INTRODUCED: April 13, 2020

ADVERTISED: April 16, 2020

PUBLIC HEARING: May 11, 2020

ADOPTED: May 11, 2020

ADVERTISED: May 14, 2020

Vote on Adoption:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN
Ms. DiTosto		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	1st	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Platt		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	2nd	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# **EXHIBIT A**

## **APPLICATION**

See Financial Agreement  
Exhibit B

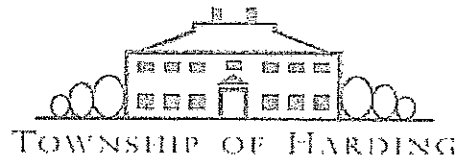
# **EXHIBIT B**

## **FINANCIAL AGREEMENT**

See AL/IL Long Term Exemption Financial Agreement

# **EXHIBIT C**

## **MAYOR'S RECOMMENDATION**



May 4, 2020

**RE: Hurstmont Redevelopment Financial Agreements**

Dear Committee Members:

We have been engaged in the redevelopment process concerning the Hurstmont and Glen Alpin properties since late 2018, when a study of the properties as to their qualification as areas in need of redevelopment commenced. In the months since we have moved forward with the study, designation of the properties as areas in need of redevelopment, adopted a redevelopment plan, and negotiated with a prospective redeveloper, Hurstmont Estate Acquisition, LLC (the "Redeveloper"), an affiliate of Endeavor Property Group.

We have been assisted in this undertaking by legal, engineering, planning, and financial consulting professionals, as well as our Township Administrator and staff. The redevelopment project has unique attributes in that it is intended to satisfy a portion of the current fair share affordable housing requirements for the Township and to support the private restoration of the Glen Alpin property through the availability of septic treatment in a facility to be located on the Hurstmont property. The Hurstmont property is to be developed with a mix of age restricted townhomes, assisted living units, a dementia care home, and independent living apartments for seniors. The Redeveloper has identified costs related to the topography necessitating excavation and retaining walls, the support of affordable housing and onsite septic treatment that are beyond those customarily confronted by a developer. The Redeveloper will not at this time be involved with the Glen Alpin property.

The Redeveloper has asked for financial assistance from the Township in the form of real estate tax exemption and payments in lieu of taxes ("Pilot") pursuant to the statutes and constitution of the State of New Jersey. Formal applications for the assistance were submitted on March 12, 2020 for a short term, five (5) year program to be applicable to the townhouse component of the project and a long term, thirty (30) year program for the balance of the project. These requests and the financial information provided by the Redeveloper, as requested by the Township's financial consultant, were reviewed by the financial consultant, NW Financial Group, LLC. NW Financial Group, LLC, the Township Committee's Redevelopment Subcommittee, and Township staff have negotiated a tax exemption and Pilot program that I believe is fair and equitable to both the Township and the Redeveloper in that municipal revenues will be enhanced, while providing support for the development of the project beyond that which would be expected solely from private investors.

The resulting project will, as I stated above, resolve a portion of the current round affordable housing requirements pursuant to the settlement embodied in the Superior Court of New Jersey, Conditional Declaratory Partial Judgment of Compliance, entered March 28, 2019, through at least 2025 based on the current state of affairs. The project will also be environmentally sensitive based upon implementation of the requirements of the redevelopment plan. The design and engineering plans for the project will be reviewed by the Township Committee and forwarded to the Planning Board for approval so that there will be controls and accountability concerning compliance with the redevelopment plan.

Before you today are Ordinance No. 06-2020 on Second Reading to approve the long term tax exemption, Ordinance No. 07-2020 on Second Reading to approve a program of short term tax exemption and Pilot in the Township, subject to Township Committee approval by resolution of specific sites, and Resolution No. 20-095

for approval of the townhouse component of the Hurstmont property redevelopment for short term exemption and Pilot.

I have given thorough consideration to the Redeveloper's request and reviewed the documentation assembled to support and implement the redevelopment of the Hurstmont property and corresponding tax exemption programs. As the Mayor of the Township of Harding, it is my recommendation to the Township Committee that it approve the two Ordinances and Resolution on today's agenda concerning the redevelopment of the Hurstmont property and support of the future redevelopment of the Glen Alpin property.

Very truly yours,

A handwritten signature in black ink, appearing to read 'C. Yates', with a long horizontal flourish extending to the right.

Christopher M. Yates  
Mayor

21 BLUE MILL ROAD, POST OFFICE BOX 666  
NEW VERNON, NEW JERSEY 07976  
TELEPHONE (973) 267-8000  
MARLAN & ALLAN P. KIRBY MUNICIPAL BUILDING

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

**EXHIBIT D**

Certificate of Formation

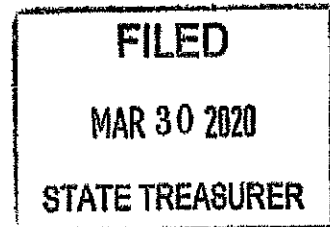
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LLC

**CERTIFICATE OF FORMATION  
OF**



**HURSTMONT ESTATE URBAN RENEWAL, LLC**

This is to certify that there is hereby formed a limited liability company under and pursuant to the New Jersey Limited Liability Company Act and the Long Term Tax Exemption Law.

0600467450

FIRST: The name of the limited liability company is:

**HURSTMONT ESTATE URBAN RENEWAL, LLC**

SECOND: The address of the initial registered office of the limited liability company in the State of New Jersey is Fourteen Doty Road, Haskell, NJ 07420 and the name of the limited liability company's initial registered agent at such address is: Peter Monaghan.

THIRD: The limited liability company shall have perpetual existence, unless earlier dissolved pursuant to the New Jersey Revised Uniform Limited Liability Company Act or the operating agreement among its members.

FOURTH: The general character of business for which the Limited Liability Company is organized is as follows:

The purpose for which the limited liability company is formed shall be to operate under the provisions of P.L. 1991, c. 431 (C. 40A:20-1 et seq.) and to initiate and conduct projects for the redevelopment of a redevelopment area pursuant to a redevelopment plan, or projects necessary, useful, or convenient for the relocation of residents displaced or to be displaced by the redevelopment of all or part of one or more redevelopment areas, or low and moderate income housing projects, and, when authorized by financial agreement with the municipality, to acquire, plan, develop, construct, alter, maintain 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.).

S 3090855  
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FIFTH: So long as the limited liability company is obligated under a financial agreement with a municipality made pursuant to P.L. 1991, c. 431 (C. 40A:20-1 et seq.), it shall engage in no business other than the ownership, operation and management of the project.

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

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

EIGHTH: The limited liability company shall be subject to the provisions of Section 18 of P.L. 1991, c. 431 (C. 40A:20-18) respecting the powers of the municipality to alleviate financial difficulties of the limited liability company or to perform actions on behalf of the limited liability company upon a determination of financial emergency.

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

TENTH: The initial operating agreement of the limited liability company shall be adopted by the members, and the power to make, alter and repeal the operating agreement is reserved to the members.

ELEVENTH: The member has duly appointed Katharine A. Coffey, Esq., with offices at One Jefferson Road, Parsippany, New Jersey 07054, as its attorney-in-fact to execute and file this Certificate of Formation on their behalf.

TWLEFTH: This Certificate of Formation shall be effective as of the date of filing with the Treasurer's Office of the State of New Jersey.

IN WITNESS WHEREOF, the undersigned attorney-in-fact has executed this Certificate of Formation, and hereby affirms that to the best of his knowledge and belief, the facts stated herein are true, as of the 12th day of March, 2020.

K.A. Coffey

Name: Katharine A. Coffey

Attorney for Hurstmont Estate Urban Renewal, LLC



State of New Jersey  
DEPARTMENT OF COMMUNITY AFFAIRS  
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PHILIP D. MURPHY  
Governor

LT. GOVERNOR SHEILA Y. OLIVER  
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer  
RE: HURSTMONT ESTATE URBAN RENEWAL, LLC  
File # 2742  
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 24th day of March 2020 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By:

  
Sean Thompson, Director  
Local Planning Services

AL/IL LONG TERM TAX EXEMPTION FINANCIAL AGREEMENT

**EXHIBIT E**

Annual Gross Rent Percentage, Tax Percentage, and Stage Full Tax Percentage

<b>Year</b>	<b>Gross Rent Percentage</b>	<b>Tax Percentage</b>	<b>Stage Full Tax Percentage</b>
1-5	10%	0%	0%
6-15	12%	80%	0%
16-21	13%	90%	20%
22-27	13%	90%	40%
28-29	13%	90%	60%
30	13%	90%	80%