

## **ORDINANCE 9-2017**

### **ORDINANCE OF THE BOROUGH OF CLAYTON, COUNTY OF GLOUCESTER, STATE OF NEW JERSEY, APPROVING THE APPLICATION AND FINANCIAL AGREEMENT FOR BLOCK 1601, LOT 13 ON THE OFFICIAL BOROUGH TAX MAP FOR A LONG TERM TAX EXEMPTION**

**WHEREAS**, in order to stimulate redevelopment, the Borough Council of the Borough of Clayton (the "Borough"), pursuant to Resolution No. 126-11, designated, pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), certain properties within the "Delsea Drive (NJSH No. 47) Corridor" as areas in need of rehabilitation and or redevelopment (the "Corridor Area"), including Lot 13 in Block 1601 which is a property in need of rehabilitation (the "Property"); and

**WHEREAS**, pursuant to Ordinance No. 13-2014, the Borough adopted the Redevelopment Plan For Parcels Within the Delsea Drive (NJSH No. 47) Corridor for the Corridor Area, which was amended pursuant to Ordinance No. 7-2015 (as amended, the "Redevelopment Plan"); and

**WHEREAS**, the LRHL provides a process for municipalities to participate in the redevelopment and improvement of areas in need of rehabilitation; and

**WHEREAS**, the LRHL, N.J.S.A. 40A:12A-8(f), authorizes the Borough to arrange or contract with a redeveloper for the planning, construction or undertaking of any project or redevelopment work in an area designated as an area in need of rehabilitation; and

**WHEREAS**, the Borough and Conifer Realty, LLC ("Conifer") have engaged in such negotiations and the Borough Council determined that it was in the best interests of the Borough to enter into a Redevelopment Agreement with Conifer for the Property dated April 9, 2015 (the "Redevelopment Agreement") for the construction of a low and moderate income housing project thereon (the "Project") which shall be completed pursuant to the provisions of the Redevelopment Plan; and

**WHEREAS**, Conifer has, under an Assignment and Assumption Agreement (the "Assignment") dated March 6, 2017, assigned its rights and obligations under the Redevelopment Agreement to Delsea Housing Associates Urban Renewal, LLC ("Redeveloper"), with the consent of the Borough; and

**WHEREAS**, Redeveloper, has assumed and accepted the assignment of all of Conifer's, rights, title, obligations, responsibilities, and interests in, to, and under the Redevelopment Agreement and with respect to the Project; and

**WHEREAS**, Redeveloper has made application (the "Application") to the Borough for a long term exemption and Payment in Lieu of Tax Agreement pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40:20-1 et seq. (the "LTEL"); and

**WHEREAS**, Redeveloper has presented to the Mayor and Borough Council a revenue projection for the Project which sets forth the anticipated revenue to be received by Redeveloper from the operation of the Project, a copy of which is attached hereto as Exhibit A.

**WHEREAS**, the Application provided the Borough Chief Financial Officer and the Borough Auditor with the basis for recommending to the Mayor and Borough Council that the Governing Body authorize the execution of a Financial Agreement; and

**WHEREAS**, based upon the recommendation of the Borough Chief Financial Officer and the Borough Auditor, the Mayor and Borough Council find that the relevant benefits of the redevelopment of the Property outweigh the loss, if any, of property tax revenue in granting the long term tax-exemption; and

**WHEREAS**, the Mayor and Borough Council have determined that the tax exemption provided to the Project pursuant to the Financial Agreement is a significant inducement for the Redeveloper to proceed with the Project and thereby obtaining the redevelopment of the Property; and

**WHEREAS**, pursuant to the Redevelopment Agreement, the Borough and the Redeveloper have agreed to execute a Financial Agreement.

**NOW, THEREFORE, BE IT ORDAINED**, by the Mayor and Borough Council that the Application for Long Term Tax Exemption filed by Delsea Housing Associates Urban Renewal, LLC hereby be granted; and

**BE IT FURTHER ORDAINED** by the Mayor and Borough Council that a financial agreement, substantially in the form attached hereto as Exhibit B, with Delsea Housing Associates Urban Renewal, LLC, in the amount of 6.28%, be approved; and

**BE IT FURTHER ORDAINED** by the Mayor and Borough Council that the Mayor and/or Borough Administrator and the Borough Clerk are hereby authorized to execute the Financial Agreement with Delsea Housing Associates Urban Renewal, LLC.

**BE IT FURTHER ORDAINED**, by the Borough Council that this Ordinance shall take effect in accordance with law.

**BOROUGH OF CLAYTON**



\_\_\_\_\_  
THOMAS BIANCO, Mayor

Attest:



\_\_\_\_\_  
CHRISTINE NEWCOMB, Borough Clerk

**NOTICE OF INTRODUCTION**

**ORDINANCE 9-2017**

**AN ORDINANCE OF THE BOROUGH OF CLAYTON,  
COUNTY OF GLOUCESTER, STATE OF NEW JERSEY,  
APPROVING THE APPLICATION AND FINANCIAL  
AGREEMENT FOR BLOCK 1601, LOT 13 ON THE  
OFFICIAL BOROUGH TAX MAP FOR A LONG TERM  
TAX EXEMPTION**

**TAKE NOTE** that the foregoing ordinance was introduced at a meeting of the Mayor and Council of the Borough of Clayton held on March 9, 2017 and was then read for the first time. The said ordinance will be further considered for final passage by the Mayor and Council at the Municipal Building, 125 N. Delsea Drive, Clayton, New Jersey, at a meeting beginning 6:30 p.m. on March 23, 2017, at which time and place, or any time and place to which such meeting be adjourned, all persons interested will be given an opportunity to be heard concerning such ordinance.

**BY ORDER** of the Mayor and Council of the Borough of Clayton.

Christine Newcomb  
Borough Clerk

**NOTICE OF ADOPTION**

**ORDINANCE 9-2017**

**ORDINANCE OF THE BOROUGH OF CLAYTON,  
COUNTY OF GLOUCESTER, STATE OF NEW JERSEY,  
APPROVING THE APPLICATION AND FINANCIAL  
AGREEMENT FOR BLOCK 1601, LOT 13 ON THE  
OFFICIAL BOROUGH TAX MAP FOR A LONG TERM  
TAX EXEMPTION**

The foregoing Ordinance was finally adopted by the Mayor and Council of the Borough of Clayton on March 23, 2017.

Christine Newcomb  
Borough Clerk

Exhibit A  
Revenue Projection

Projected Annual Gross Rents	722,544
Proforma Vacancy at 7%	(50,578)
Project Revenues	671,966
Payment in Lieu Percentage	6.28%
<b>Annual Projected Payment in Lieu Amount</b>	<b>42,199</b>

Exhibit B  
Form of Financial Agreement

**THIS FINANCIAL AGREEMENT** (this "Financial Agreement"), made as of this 23<sup>rd</sup> day of March, 2017 by and between **DELSEA HOUSING ASSOCIATES URBAN RENEWAL, LLC**, a New Jersey limited liability company qualified to do business under the provisions of the Long Term Tax Exemption Law (hereafter defined), with offices at 20000 Horizon Way, Suite 180, Mt. Laurel, NJ 08054 (the "Entity") and **THE BOROUGH OF CLAYTON**, a municipal corporation in the County of Gloucester and the State of New Jersey (the "Borough").

**WITNESSETH:**

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

**WHEREAS**, the Entity is the owner of certain premises located in the Borough of Clayton known as Lot 13 in Block 1601 as more particularly described in Exhibit C attached hereto and made a part hereof (the "Property");

**WHEREAS**, pursuant to the Local Redevelopment and Housing Law, the Borough and Conifer Realty, LLC ("Conifer") entered into a Redevelopment Agreement dated as of April 9, 2015 (the "Redevelopment Agreement") for construction of improvements on the Property (the "Project Improvements");

**WHEREAS**, Conifer has, under an Assignment and Assumption Agreement (the "Assignment") dated March 6, 2017, assigned its rights and obligations under the Redevelopment Agreement to the Entity, with the consent of the Borough; and

**WHEREAS**, the Entity has assumed and accepted the assignment of all of Conifer's rights, title, obligations, responsibilities, and interests in, to, and under the Redevelopment Agreement and with respect to the Project; and

**WHEREAS**, the Entity wishes to have a long term tax exemption granted for the Project Improvements and has requested that the Borough grant such long term tax exemption;

**WHEREAS**, the Borough is agreeable to granting a Long Term Tax Exemption and, in connection therewith, the Borough and the Entity will utilize provisions of the Local Redevelopment and Housing Law and the Long Term Tax Exemption Law, codified at N.J.S.A. 40A:20-1 et seq. (the "Long Term Tax Exemption Law") and such other statutes as may be sources of relevant authority, if any, to facilitate the redevelopment project that the Entity proposes to undertake at the Property;

**WHEREAS**, the provisions of the Long Term Tax Exemption Law, the Local Redevelopment and Housing Law, and such other statutes as may be sources of relevant

authority, if any, authorize the Borough to accept, in lieu of real property taxes, an annual service charge paid by the Entity to the Borough as set forth in such laws;

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

A. Relative benefits of the Project (hereafter defined) when compared to the costs:

1. it is expected that the Project will create approximately 2 new permanent jobs;
2. the Project should stabilize and contribute to the economic growth of existing local business and to the creation of new business, which cater to the new residents; and
3. the Project will further the redevelopment objectives of the Borough's Redevelopment Plan;

B. Assessment of the importance of the tax exemption in obtaining development of the Project:

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will insure the likelihood of the success of the Project and insure that it will have a positive impact on the surrounding area; and

**WHEREAS**, the Borough and the Entity have entered into this Financial Agreement to memorialize the terms and conditions by which the Entity will pay an Annual Service Charge in lieu of real property taxes on the Project Improvements.

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

## **ARTICLE 1 GENERAL PROVISIONS**

**SECTION 1.1 Governing Law.** This Financial Agreement shall be governed by the laws of the State (as hereinafter defined), including the provisions of the Long Term Tax Exemption Law, the Local Redevelopment and Housing Law, and such other statutes as may be sources of relevant authority, if any.

**SECTION 1.2 General Definitions.** Unless specifically provided otherwise or the context otherwise requires, the following terms when used in this Financial Agreement shall mean:



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

Allowable Profit Rate - The Allowable Profit Rate for the purpose of this Financial Agreement will be calculated as set forth in N.J.S.A. 40A:20-3b. For the purpose of determining the specific Allowable Profit Rate, the annual interest percentage rate shall be the greater of twelve percent (12%) or the percentage per annum arrived at by adding one and one-quarter percent (1¼%) to the annual interest rate payable on the Entity's initial permanent mortgage financing for the Project Improvements. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, the interest rate per annum as referenced above shall, for the purposes of the Project, be the greater of twelve percent (12%) or the percentage per annum arrived at by adding one and one-quarter percent (1¼%) to what the Borough determines to be the prevailing rate on mortgage financing on comparable improvements in the County of Gloucester.

Annual Service Charge - The payment by the Entity to the Borough pursuant to Article 5 hereof.

Auditor's Report - A complete financial statement outlining the financial status of the Project (for a period of time as indicated by context) that is the subject of this Financial Agreement, the contents of which shall have been prepared in a manner consistent with generally accepted accounting principles and that fully details all items as required by the applicable statutes, including Allowable Net Profit for the period as defined in N.J.S.A. 40A:20-15, and that 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.

Borough - The Borough of Clayton, in the County of Gloucester, New Jersey, a municipal corporation of the State.

Certificate of Completion – means a certificate issued by the Borough in accordance with the Redevelopment Agreement.

Certificate of Occupancy - means a temporary or permanent “certificate of occupancy”, as such term is defined in the New Jersey Administrative Code, issued with respect to all or a portion of the Project upon completion of all or a portion of the Project.

Default - The failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Financial Agreement after notice and opportunity to cure as provided herein.

Entity – Delsea Housing Associates Urban Renewal LLC, a limited liability company, and any subsequent purchaser or successor in interest to the ownership of the Property, which transfer is carried out in accordance with the terms of the Redevelopment Agreement and this Financial Agreement.

Exemption Application - The application filed by the Entity with Borough for a long term

tax exemption for the Project, attached hereto as Exhibit A.

Gross Revenues – means all income, monies or revenues generated or derived by or from the Property or the Project Improvements (or by or through any assignee, lessee, tenant, licensee or other space occupant of Property or the Project Improvements) from any source and before deductions for any costs or expenses.

In Rem Foreclosure Act – N.J.S.A. 54:5-1 *et seq.*

In Rem Tax Foreclosure - A summary proceeding by which the Borough may enforce the lien for taxes due and owing by a tax sale. Said foreclosure is governed by the In Rem Foreclosure Act.

Land Taxes - The amount of taxes assessed on the value of the land portion of the Property from time to time during the term of this Financial Agreement.

Local Redevelopment and Housing Law – N.J.S.A. 40A:12A-1 *et seq.*

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

Material Conditions – As defined in Section 5.5 hereof.

Net Profit – As defined at N.J.S.A. 40A:20-3c, excluding gain realized on sale or other disposition of the Project and proceeds of any refinancing of debt on the Project.

Ordinance - Ordinance No. 9-2017 adopted by the Borough Council on March 23, 2017, attached hereto as Exhibit B.

Project – means the obtaining of all Governmental Approvals (as defined in the Redevelopment Agreement), the site preparation of the Property and the financing, construction and completion of all Project Improvements contemplated under the Redevelopment Agreement, which shall be a project containing seventy-five (75) Affordable Housing Residential Units (as defined in the Redevelopment Agreement) and, one (1) superintendent's unit together with an approximately 3,000 square foot community building which shall include management offices, maintenance space, community room, office for People for People Foundation of Gloucester County, exercise room, common laundry room, and computer room. Fourteen (14) of the units will be 1-bedroom, forty (40) of the units will be 2-bedroom, and twenty-two (22) of the units will be 3-bedroom. All first floor units will be ADA adaptable or accessible. Twenty-five percent (25%) of the units will be set aside for homeless disabled veterans.

Project Completion Date - That date on which the Project Improvements are completed, as evidenced by the issuance of a Certificate of Occupancy or Temporary Certificate of Occupancy. Certificates may be issued for phases of the Project Improvements and those phases shall be deemed complete upon such issuance.

Project Improvements – All buildings, structures, improvements, site preparation work, and amenities necessary for the implementation and completion of the Project.

Property – The land described on Exhibit C hereto.

Redevelopment Agreement – As defined in the Recitals to this Financial Agreement.

State – The State of New Jersey.

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

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

**SECTION 1.3 Exhibits Incorporated.** All Exhibits referred to in this Financial Agreement and attached hereto are incorporated herein and made part hereof.

## **ARTICLE 2 APPROVAL**

**SECTION 2.1 Approval of Tax Exemption.** Pursuant to the Ordinance, all Project Improvements owned by the Entity shall be exempt from taxation as provided in the Long Term Tax Exemption Law pursuant to the terms of this Financial Agreement. It is expressly understood and agreed by the parties hereto that the Borough expressly relies upon the facts, data and presentations contained in the Exemption Application and in the Site Plan approval granted for the Property in granting this tax exemption.

**SECTION 2.2 Approval of Project to be Undertaken by the Entity.** Approval hereunder is granted to the Entity whose formation documents are attached as Exhibit D for the contemplated Project described in the Exemption Application.

## **ARTICLE 3 REPRESENTATIONS OF THE PARTIES**

**SECTION 3.1 Representations of the Entity.** The Entity represents and warrants to the Borough as follows:

- A. It is a duly formed, organized and existing limited liability company of the State, organized pursuant to and in compliance with the New Jersey Limited Liability Company Act (N.J.S.A. 42:2B-1 *et seq.*) and the Long Term Tax Exemption Law, reviewed and approved by the New Jersey Department of Community Affairs and has filed with, as appropriate, the Office of the Treasurer of State.
- B. It has full authority to enter into and perform all of the obligations on the part of the Entity to be performed.
- C. It has complied with all applicable municipal, state and federal laws, rules and regulations, including without limitation, the Long Term Tax Exemption Law and the Local Redevelopment and Housing Law in negotiating, entering into and performing its obligations under this Financial Agreement, and all governmental and agency

authorizations and approvals required for the execution, delivery and performance of this Financial Agreement have been properly obtained.

- D. Effective as of the completion of the Project, the Project shall be used, managed and operated for the purposes set forth in the Exemption Application, the Redevelopment Law and all applications filed with, and as approved by, the Borough in connection with the Project.

**SECTION 3.2 Representations of the Borough.** The Borough represents and warrants to the Entity as follows:

- A. It is a duly formed and existing municipal corporation of the State and is fully authorized and empowered to enter into and perform all obligations under this Financial Agreement on the part of the Borough to be performed.
- B. It has complied with all applicable municipal, state and federal laws, rules and regulations, including without limitation, the Long Term Tax Exemption Law and the Local Redevelopment and Housing Law, in negotiating, entering into and performing its obligations under this Financial Agreement, and all governmental and agency authorizations and approvals required for the execution, delivery and performance of this Financial Agreement have been properly obtained.

#### **ARTICLE 4 DURATION OF AGREEMENT**

**SECTION 4.1 Term.** It is understood and agreed by the parties that this Financial Agreement, including the obligation to pay Annual Service Charges required under Article 5 hereof and the tax exemption granted and referred to in Section 2.1 hereof, shall remain in effect for a period of thirty (30) years from the issuance of a Certificate of Occupancy or Temporary Certificate of Occupancy. This Financial Agreement shall constitute evidence of a lien securing such obligation, which lien shall survive any termination hereof for all amounts then due and payable prior to termination. At the expiration or earlier termination of the term hereof, the tax exemption for the Project shall expire and the Project Improvements shall thereafter be assessed and taxed according to the general law applicable to other non-exempt property in the Borough. After expiration or earlier termination of the term hereof, all restrictions and limitations upon the Entity shall terminate upon the Entity's rendering of its final accounting, pursuant to N.J.S.A. 40A:20-12.

**SECTION 4.2 Date of Termination.** Upon any termination of the tax exemption described in Section 4.1 hereof, the date of such termination shall be deemed to be the end of the fiscal year of the Entity.

#### **ARTICLE 5 ANNUAL SERVICE CHARGE**

**SECTION 5.1 Annual Service Charge.** Notwithstanding anything herein to the contrary, or the exercise by the Borough of any right or remedy provided for herein or otherwise

available with respect hereto, so long as this Financial Agreement has not been terminated, the Entity shall pay the Annual Service Charge to the Borough for the duration of the tax exemption provided for in Section 2.1 of this Financial Agreement, which Annual Service Charge includes any and all fees and charges payable by the Borough to the County of Gloucester from the Annual Service Charge and all administrative and other taxes, fees and charges that the Borough is entitled to collect by law under the Long Term Tax Exemption Law. The Entity's obligation to make the Annual Service Charge shall be absolute and unconditional and not subject to any defense, set-off, recoupment or counterclaim under any circumstances, including without limitation any loss of status of the Entity as an "Urban Renewal Entity" qualified under and as defined in Long Term Exemption Law, or any violation by the Borough of any provisions of this Financial Agreement, termination of the Redevelopment Agreement or failure of the Entity to complete the Project. The Entity reserves all rights to contest by appropriate proceedings the assessed values of the Project Improvements.

**SECTION 5.2 Calculation of Annual Service Charge.** (a) The Entity shall make payment to the Borough of an Annual Service Charge ("ASC") for municipal services supplied to the Project. The Borough has determined that the ASC shall be based on six and twenty-eight one hundredths percent (6.28%) of the Gross Revenues, in accordance with N.J.S.A. 40A:20-12(b)(1), this amount being designated hereinafter as "Initial ACS".

(b) The ASC shall accrue from the first day of the month following the issuance of a Certificate of Occupancy by the Borough for the Project. During this period, the Entity shall pay the minimum ASC defined in paragraph (e) of this Section.

(c) The ASC for the first year and last year of the tax exemption shall be calculated on a pro rata basis, based respectively on the number of days remaining in the calendar year or the number of days having elapsed in the calendar year, divided by 365. For the first year, the tax exemption shall be in effect from the commencement of the tax exemption to the close of the first calendar year. For the year ending the tax exemption, the tax exemption shall be in effect from the first day of the year to the termination of the exemption.

(d) Unless the provisions of paragraph (e) of this Section shall apply, the schedule of ASC payments over the term of this Financial Agreement shall be as follows:

<u>Stage</u>	<u>ASC</u>
Years 1-15	Initial ASC
Years 16-20	The greater of the Initial ASC or 20% of the taxes otherwise due on the value of the land and improvements
Years 21-25	The greater of the Initial ACS or 40% of the taxes otherwise due on the value of land and improvements

Years 26-28

The greater of the Initial ASC or 60% of the taxes otherwise due on the value of land and improvements

Years 29-30

The greater of the Initial ASC or 80% of the taxes otherwise due on the value of land and improvements

(e) The minimum annual service charge ("Minimum ASC") shall be equal to the amount of the total taxes levied against the Property in the last full tax year in which the Property was subject to taxation. The Minimum ASC shall be paid in each year in which the ASC shown on the schedule set forth in the preceding paragraph would be less than the Minimum ASC.

(f) The Entity shall receive a credit against the ASC for the amount of real property taxes on the land portion of the Property paid by, or on behalf of, the Entity in the prior year. For any quarterly ASC payment date, the amount of the credit shall be 25% of the sum of the real property taxes on land paid in each of the last four quarterly installments preceding the payment of the ASC. This credit shall not include any interest or penalties which may have been paid.

(g) The Entity reserves all rights pursuant to applicable State law with respect to the municipality's determination of the value of land and improvements of the Property, including the right to challenge the annual assessments through a tax appeal or other appropriate proceeding.

(h) Notwithstanding anything herein to the contrary, or the exercise by the Borough of any right or remedy provided for herein or otherwise available with respect hereto, the Entity shall pay the Annual Service Charge, the Special Assessments, annual Land Taxes and any other municipal obligations on a parity with or superior to the Land Taxes to the Borough for the duration of the tax exemption provided for in Section 4.1 of this Financial Agreement. The Entity's obligation to make the Annual Service Charge shall be absolute and unconditional and not subject to any defense, set-off, recoupment or counterclaim under any circumstances.

**SECTION 5.3 Quarterly Installments.** The Entity expressly agrees that installments of the aforesaid Annual Service Charge shall be paid quarterly in a manner consistent with the Borough's tax collection schedule. The first installment of Annual Service Charge shall be paid within thirty (30) days of the Project Completion Date. In the event that the Entity fails to timely pay any installment, the amount past due shall bear the highest rate of interest permitted under State law in the case of unpaid taxes or tax liens on real estate until paid.

**SECTION 5.4 Material Conditions.** It is expressly agreed and understood that the granting of a tax exemption for the Project Improvements pursuant to the Long Term Tax

Exemption Law, the representations of the parties set forth in Article 3 and all payments of Annual Service Charges and any interest payments, penalties or costs of collection due thereon, are material conditions of this Financial Agreement ("Material Conditions"). If any other term, covenant or condition of this Financial Agreement or the Exemption Application, as to any person or circumstance shall, to any extent, 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 remaining term, covenant or condition of this Financial Agreement shall be valid and enforced to the fullest extent permitted by law.

**SECTION 5.5 Annual Service Charges as Municipal Lien.** As provided in N.J.S.A. 40A:12A-68 of the Local Redevelopment and Housing Law and such other statutes as may be sources of relevant authority, if any, upon the date of recordation of both the Ordinance and the Financial Agreement the Annual Service Charge shall be a continuous, municipal lien on the Property and Project Improvements.

## **ARTICLE 6 REMEDIES**

**SECTION 6.1 Remedies.** In the event of a breach of this Financial Agreement by any of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, any party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the Long Term Tax Exemption Law, as amended and supplemented. Whenever the word "Taxes" appears, or is implied, directly or indirectly, to mean taxes or municipal liens on real estate, such statutory provisions shall be read, as far as it is pertinent to this Financial Agreement, as if the Annual Service Charge was a tax or municipal lien on real estate. If the Entity fails to make any payment of the Annual Service Charges or other monetary obligations of the Entity set forth in this Financial Agreement, the sole remedy of the Borough shall be those provided for collection of taxes under New Jersey Statutes, including but not limited to an In Rem Tax Foreclosure. Any and all rights and remedies of the parties may be enforced in the Superior Court of New Jersey, at law or in equity.

**SECTION 6.2 Arbitration.** In the event of a dispute (other than one arising from the failure of the Entity to make payments due hereunder) arising in reference to the terms and provisions of this Financial Agreement, either party shall submit the dispute to the American Arbitration Association to be resolved in accordance with its rules and regulations in such fashion as to accomplish the purposes of the Tax Exemption Law and this Financial Agreement. The costs of arbitration shall be borne equally by the parties.

## **ARTICLE 7 CERTIFICATE OF OCCUPANCY; CERTIFICATION REGARDING TAX EXEMPTION**

**SECTION 7.1 Certificate of Occupancy.** It is understood and agreed that the Entity shall

remain obligated to make application for and make all good faith efforts which are reasonable to obtain Certificates of Occupancy for the Project in a timely manner as identified in the Exemption Application.

**SECTION 7.2 Filing of Certificate of Occupancy.** It shall be the primary responsibility of the Entity to forthwith file with the Tax Assessor, the Tax Collector and the Chief Financial Officer of the Borough a copy of such certificate.

**SECTION 7.3 Certification regarding Tax Exemption.** The Borough Clerk shall certify to the Borough Tax Assessor, pursuant to N.J.S.A. 40A:20-12, that a Financial Agreement with an urban renewal entity, for the development of the Property, has been entered into and is in effect as required by N.J.S.A. 40A:20-1, *et seq.* Delivery by the Borough Clerk to the Borough Tax Assessor of a certified copy of the Ordinance adopted by the Borough governing body approving the tax exemption described herein and this Financial Agreement shall constitute the required certification. Upon the delivery of the certification as required hereunder, the Borough Tax Assessor shall implement the exemption and continue to enforce that exemption without further certification by the Borough Clerk until the expiration of the entitlement to exemption by the terms of this Financial Agreement or until the Borough Tax Assessor has been duly notified by the Borough Clerk that the exemption has been terminated. Further, upon the adoption of this Financial Agreement, a certified copy of the Ordinance adopted by the Borough governing body approving the tax exemption described herein and this Financial Agreement shall be transmitted to the Director of the Division of Local Government Services State of New Jersey Department of Community Affairs by the Borough Clerk.

## **ARTICLE 8 ANNUAL AUDITS**

**SECTION 8.1 Accounting System.** The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles consistently applied, and as otherwise prescribed in the Long Term Tax Exemption Law during the term of this Financial Agreement.

**SECTION 8.2 Periodic Reports.** Annually, within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis, that this Financial Agreement shall continue in effect, the Entity shall submit its Auditor's Report certified by an independent certified public accountant for the preceding fiscal or calendar year to the Mayor, the Borough Council and the Borough Clerk of the Borough, who shall advise those municipal officials required to be advised, and to the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs pursuant to N.J.S.A. 40A:20-9d. Said Auditor's Report shall include, but not be limited to, the terms and interest rate on any mortgage(s) associated with the Project, the Allowable Net Profit for the period shown, and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Long Term Tax Exemption Law and this Financial Agreement.

**SECTION 8.3 Inspection.** Upon the request of the Borough or the State for the purposes of this Financial Agreement, the Entity shall permit the inspection of property,



equipment, buildings and other facilities of the Entity by the requesting party or its agents. It also shall permit, upon request of the Borough or the State for the purposes of this Financial Agreement, reasonable examination and audit of its books, contracts, records, documents and papers by representatives duly authorized by the Borough or State. Such inspection, examination or audit shall be made during the hours of the business day, in the presence of any officer or agent of the Entity.

**SECTION 8.4 Limitation on Profits and Reserves.** During the period of tax exemption as provided herein, the Allowable Net Profit limitation, and the right to maintain reserves, shall apply to the Entity pursuant to the provisions of N.J.S.A. 40A:20-15.

**SECTION 8.5 Payment of Dividend and Excess Profit Charge.** Whenever the Net Profit of the Entity for the period, taken as one accounting period, commencing upon the substantial completion of the Project Improvements and terminating at the end of the last full fiscal year, shall exceed the Allowable Net Profits for the period, the Entity shall, within one hundred twenty (120) days of the close of that fiscal year, pay the excess Net Profit to the Borough as an additional service charge, provided, however, that the Entity may maintain any reserves permitted by N.J.S.A. 40A:20-15.

## **ARTICLE 9 ASSIGNMENT AND/OR ASSUMPTION**

**SECTION 9.1 Approval.** The Entity may sell all or any portion or portions of the Project, including the conversion of the Project to the condominium form of ownership and the sale of individual units therein, and the Borough shall consent to such sale, without imposition of any fees or charges other than reasonable fees for the review of the assignment/assumption/condominium documentation, provided that the sale is (i) to another urban renewal entity or entities (if condominium units are being sold) organized under and in full compliance with the provisions of the Long Term Tax Exemption Law imposed on "Urban Renewal Entities", as defined therein, including successors and assigns of the Entity, (ii) the obligations of the Entity under this Financial Agreement are assumed by the transferee, to the extent those obligations relate to the portion of the Property acquired by the transferee and (iii) the transferee does not own any other project subject to long term tax exemption under the Long Term Tax Exemption Law at the time of transfer. Upon assumption by the transferee urban renewal entity of the Entity's obligations, to the extent those obligations relate to the portion of the Property acquired by the transferee under this Financial Agreement, the tax exemption for the Project shall continue and inure to the transferee urban renewal entity and its respective successors or assigns. Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself, provided that the transfer, if greater than ten (10%) percent, is disclosed to the Borough's governing body in the annual disclosure statement or in correspondence sent to the Borough in advance of the annual disclosure statement referred to herein.

**SECTION 9.2 Operation of Project.** The Project shall be operated in accordance with law and the provisions of the Redevelopment Agreement.

**SECTION 9.3 Subordination of Title.** It is expressly understood and agreed that the

Entity has the right, subordinate to the lien of the Annual Service Charge, if any, and to the rights of the Borough, to encumber the fee title to the Project Improvements, and that any such encumbrance shall not be deemed to be a violation of this Financial Agreement.

## **ARTICLE 10 WAIVER**

**SECTION 10.1 Waiver.** Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the Borough or the Entity of any rights and remedies provided by law except for the express waiver herein of certain rights of acceleration and certain rights to terminate this Financial Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit any right of recovery that the Borough or the Entity has under law, in equity, or under any provision of this Financial Agreement.

## **ARTICLE 11 NOTICE**

**SECTION 11.1 Notice.** Any and all notices or communications given under this Financial Agreement ("Notices") shall be in writing and shall be sent by (a) certified or registered mail, return receipt requested, (b) by recognized overnight carrier, such as Federal Express or UPS, or (c) personal delivery at the addresses set forth below. Any notice shall be deemed delivered, if sent by (b) or (c) above on the date received or, if sent by (a), two (2) business days after mailing.

When sent to the Entity it shall be addressed as follows:

Delsea Housing Urban Renewal, LLC  
20000 Horizon Way, Suite 180  
Mt. Laurel, NJ 08054  
Telephone: (856) 793-2083  
Facsimile: (856) 793-2007

With a copy to:

Conifer Realty, LLC  
1000 University Avenue, Suite 500  
Rochester, NY 14607  
Attn: Susan Jennings, Esq.  
Telephone: (585) 324-0526  
Facsimile: (585) 324-0555

and:

Kevin D. Sheehan, Esq.  
Parker McCay P.A.  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, NJ 08054  
Telephone: (856) 596-8900  
Facsimile: (856) 596-9631

When sent to the Borough, it shall be addressed to the Mayor, Administrator, Borough Clerk, Borough of Clayton, Clayton Municipal Building, 125 North Delsea Drive, Clayton, New Jersey 08312, with copies sent to the Borough Attorney, Tax Collector, Tax Assessor, and the Chief Financial Officer unless prior to the giving of notice the Borough shall have notified the Entity otherwise. The notice to the Borough shall identify the subject with the tax account numbers of the tax parcels comprising the Property. A copy of any notice to the Borough shall be sent to:

M. James Maley, Jr., Esquire  
Maley & Associates  
A Professional Corporation  
931 Haddon Avenue  
Collingswood, New Jersey 08108  
(856) 854-1515 - Office  
(856) 858-2944 - Fax

## **ARTICLE 12 COMPLIANCE**

**SECTION 12.1 Statutes and Ordinances.** The Entity hereby agrees at all times prior to the expiration or other termination of this Financial Agreement to remain bound by the provisions of Federal and State law and any lawful ordinances and resolutions of the Borough, including, but not limited to, the Long Term Tax Exemption Law. The Entity's failure to comply with such statutes or ordinances shall constitute a violation and breach of the Financial Agreement.

## **ARTICLE 13 CONSTRUCTION**

**SECTION 13.1 Construction.** This Financial Agreement shall be construed and enforced in accordance with the laws of the State, and without regard to or aid or any presumption or other rule requiring construction against the party drawing or causing this Financial Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

## **ARTICLE 14 DEFAULT**

**SECTION 14.1 Default.** A Default shall be deemed to have occurred if the Entity fails to conform with the terms of this Financial Agreement or fails to perform any obligation imposed upon the Entity by statute, ordinance or lawful regulation.

**SECTION 14.2 Cure Upon Default.** Should the Entity be in Default of any obligation under this Financial Agreement, the Borough shall notify the Entity and any mortgagee of the Entity in writing of said default. Said notice shall set forth with particularity the basis of said default. Except as otherwise limited by law, the Entity shall have thirty (30) days to cure any default (other than a default in payment of any installment of the Annual Service Charge or Special Assessments in which case there shall be no cure period); provided, however, that if the default cannot be cured in thirty (30) days, the Entity shall have a total of sixty (60) days to cure if the Entity diligently initiates and pursues such cure. Subsequent to the thirty (30) days or sixty (60) days, as applicable, the Borough shall have the right to proceed against the Property pursuant to applicable provisions of the law, including N.J.S.A. 40A:12A-58 and -68, but subject to the aforementioned limitations on acceleration. No default hereunder by the Entity shall terminate the long term tax exemption described herein and its obligation to make Annual Service Charges, which shall continue in effect for the duration of this Financial Agreement.

**SECTION 14.3 Remedies Upon Default Cumulative; No Waiver.** Subject to the provisions of Section 3.1 hereof and the other terms and conditions of this Financial Agreement, all of the remedies provided in this Financial Agreement to the Borough and all rights and remedies granted to them at law and in equity shall be cumulative and concurrent and no determination of the invalidity of any provision of this Financial Agreement shall deprive the Borough of any of their remedies or actions against the Entity because of Entity's failure to pay the Annual Service Charge, the Special Assessments and/or any applicable water and sewer charges and interest payments. This right shall only apply to arrearages that are due and owing at the time, and the bringing of any action for Annual Service Charges, Special Assessments or other charges, or for breach of covenant or the resort of any other remedy herein provided for the recovery of Annual Service Charges, Special Assessments or other charges shall not be construed as a waiver of the right to proceed with In Rem Foreclosure action consistent with the terms and provisions of this Financial Agreement.

## **ARTICLE 15 MISCELLANEOUS**

**SECTION 15.1 Conflict.** The parties agree that in the event of a conflict between the Exemption Application and this Financial Agreement, the language in this Financial Agreement shall govern and prevail.

**SECTION 15.2 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, and the Exemption Application constitute the entire agreement between the parties and there shall be no modifications thereto other than by a written instrument executed by the parties hereto and delivered to each of them.

**SECTION 15.3 Entire Document.** All conditions in the Ordinance are incorporated in this Financial Agreement and made a part hereof.

**SECTION 15.4 Good Faith.** In their dealings with each other, the parties agree that they shall act in good faith.

**SECTION 15.5 Municipal Services.** The Entity shall make payments for municipal services, including water and sewer charges and any services that create a lien on a parity with or superior to the lien for the Annual Service Charges, as required by law. Nothing herein is intended to release the Entity from its obligation to make such payments.

**SECTION 15.6 Counterparts.** This Financial Agreement may be simultaneously executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 15.7 Amendments.** This Financial Agreement may not be amended, changed, modified, altered or terminated without the written consent of the parties hereto.

## **ARTICLE 16**

### **[EXHIBITS AND SCHEDULES]**

[Exhibit A]	Exemption Application
[Exhibit B]	Borough Council Ordinance
[Exhibit C]	Legal Description of the Property
[Exhibit D]	Formation Documents of Urban Renewal Entity

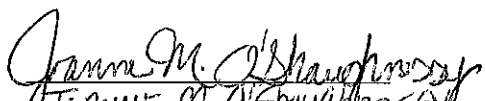
**IN WITNESS WHEREOF**, the parties have caused these presents to be executed as of the day and year first above written.

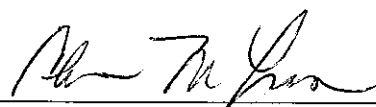
DELSEA HOUSING ASSOCIATES URBAN  
RENEWAL, LLC

Witness:

BY: Delsea Managing Member, LLC, its Managing  
Member


BY: Conifer Realty, LLC, the sole member of the  
Managing Member

  
JOANNE M. O'SHAUGHNESSY  
Administrative Assistant

By:   
Charles M. Lewis  
Senior Vice President

ATTEST:

THE BOROUGH OF CLAYTON

  
Christine Newcomb, Municipal Clerk

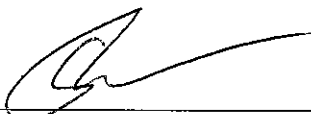
By:   
Thomas Bianco, Mayor

Exhibit A

Exemption Application

**THE UNDERSIGNED, ON BEHALF OF APPLICANT ENTITY, HEREBY CERTIFIES TO THE BOROUGH OF CLAYTON RESPECTING A SUBMISSION FOR LONG TERM TAX EXEMPTION AS FOLLOWS:**

1. Name of applicant:

**Delsea Housing Associates Urban Renewal, LLC**

2. Address of applicant:

**20000 Horizon Way, Suite 180, Mt. Laurel, NJ 08054**

3. Identification of Property:

**The block(s) and lot(s) according to the Official Tax Map are:**

**Lot 13 in Block 1601  
Borough of Clayton, New Jersey**

4. Type of abatement requested is:

**Long Term Tax Exemption pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq., providing for an Annual Service Charge as stated in Section 5.2 of the Financial Agreement.**

5. Requested duration of tax abatement:

**Thirty (30) years from issuance of a Certificate of Occupancy or Temporary Certificate of Occupancy.**

6. Description of the nature of the project, including an outline of the included area and, if the project is to be undertaken in units, a description of each unit and setting forth architectural and site plans.

**The project consists of seventy-five (75) Affordable Housing Residential Units and one (1) superintendent's unit together with an approximately 3,000 square foot community building which shall include management offices, maintenance space, community room, office for People for People Foundation of Gloucester County, exercise room, common laundry room, and computer room. Fourteen (14) of the units will be 1-bedroom, forty (40) of the units will be 2-bedroom, and twenty-two (22) of the units will be 3-bedroom. All first floor units will be ADA adaptable or accessible. Twenty-five percent (25%) of the units will be set aside for disabled or homeless veterans.**

**Site plan attached as Exhibit 1.**



7. Estimated cost of the proposed project.

**See project cost attached as Exhibit 2.**

8. Source, method, and amount of money to be subscribed through the investment of private capital.

Tax Credit Equity	17,753,869
Other Equity	1,148,089
Capital One Mortgage	2,675,000

9. Fiscal plan for the project outlining a schedule of annual gross revenue, the estimated expenditures for operation and maintenance, payments of interest, amortization of debt and reserves, and payments to the municipality to be made pursuant to the financial agreement.

**See proforma attached as Exhibit 3.**

10. No officer or employee of the Borough has any interest, direct or indirect, in the project which is the subject of this application.

11. Neither the Applicant nor any of the parties comprising the Applicant have an interest in any other tax exemption agreement in effect with the Borough.


12. The undertaking conforms to all applicable municipal ordinances; that its completion will meet an existing need, and that the project accords with the current master plan of the Borough or as will be amended.

13. The proposed project complies with the redevelopment plan as adopted and on file with the Borough Planning Board.

14. A proposed financial agreement conforming to the provisions of N.J.S.A. 40A:20-9 is attached to this application.

I certify that all of 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.

Date: March 6, 2017

By:   
Name: Charles M. Lewis  
Senior Vice President

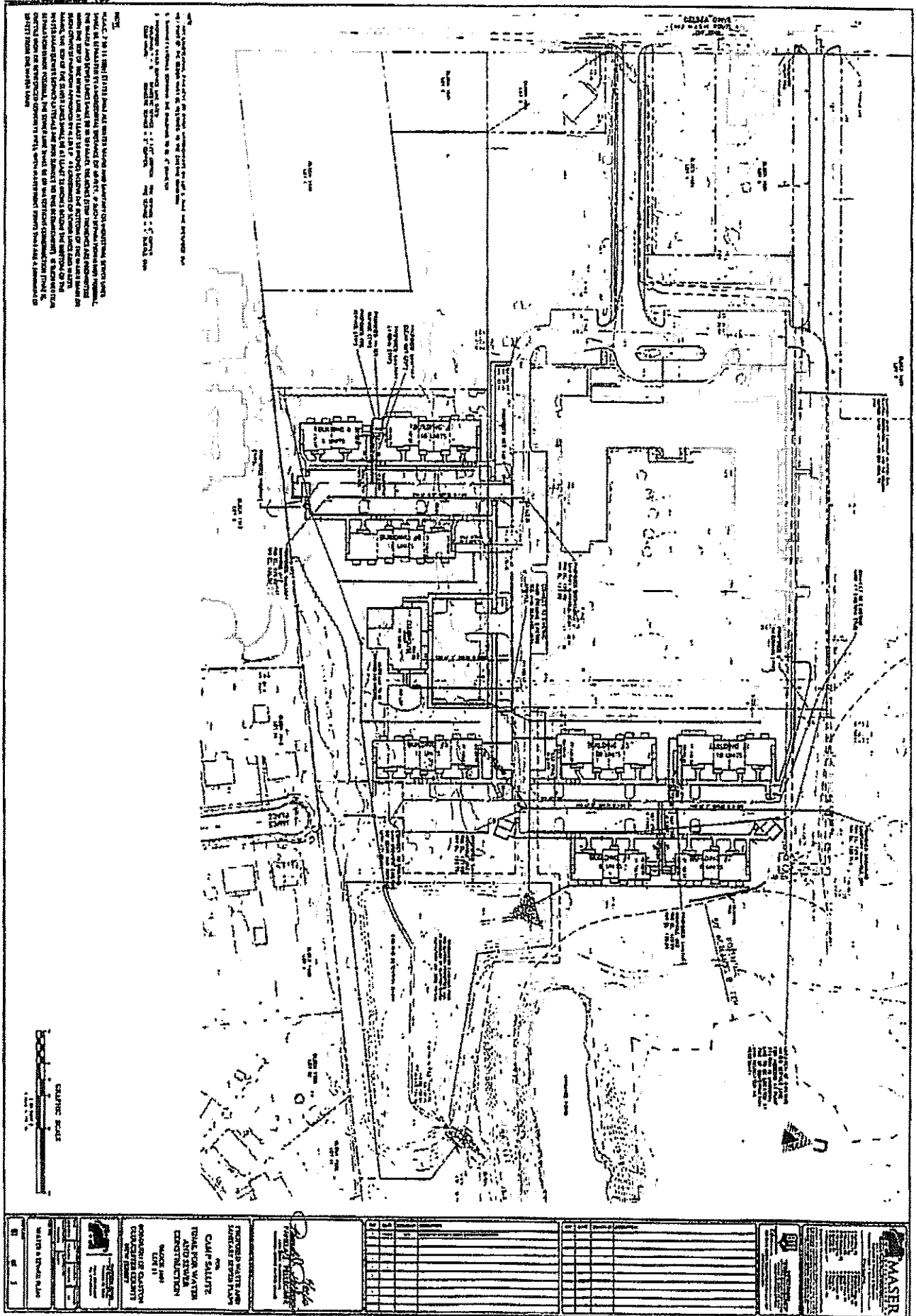


EXHIBIT 1

**Source and Use**

Casey Sub

Permanent	Term	Int	
Permanent mortgage	15	5.75%	2,675,000
FILB NY	0	0.000%	

Construction	Term	Int	
Construction loan	1.5	4.10%	12,100,000
FILB NY	0	0.000%	

Income from Operations	\$	
Federal Tax Credit Equity	\$	17,753,869
State Tax Credit Equity	\$	
Deferred Developer Fee	\$	1,148,089
Gap(Surplus)	\$	(0)
<b>Total Permanent Sources</b>	<b>\$</b>	<b>21,576,957</b>

Income from Operations	\$	
Federal Tax Credit Equity	\$	7,101,547
State Tax Credit Equity	\$	
Other Tax Credit Equity	\$	
GP Equity/Def Fee	\$	2,375,410
<b>Total Construction Sources</b>	<b>\$</b>	<b>21,576,957</b>

**Uses**

Site Acquisition 750,000

<b>Construction Costs</b>	
Residential construction	12,612,392
General Conditions	504,492
Builder overhead	232,246
Builder profit	1,008,994
P&P Bond/General Liability	172,536
Other Construction	0
Commercial Construction	0
<b>Total Construction Costs</b>	<b>14,530,560</b>

<b>Professional Services</b>	
Architecture	395,000
Engineering	200,000
Survey & Soils	45,000
Environmental	30,000
Legal fees	110,000
Accounting	12,000
Market Study	8,500
Appraisal	7,500
Consultant	0
Due Diligence	0
Relocation	0
<b>Total Professional Services</b>	<b>808,000</b>

<b>Finance Costs</b>	
Interest	271,197
Title Insurance & Recording	75,000
Tax Credit Fees	339,381
Lender Legal	30,000
Lender/LOC Fees	228,000
IFPA/Other Financing Fees	0
<b>Total Finance Costs</b>	<b>939,578</b>

<b>Carrying Costs</b>	
Admin/Org Costs	30,000
Syndication Costs	50,000
Insurance	60,000
Taxes	0
<b>Total Carrying Charges</b>	<b>140,000</b>

Contingency	822,049	
Fees/Permits	596,800	
Development Fees	2,476,064	1,148,089
		1,327,975

Working Capital 290,000

Replacement Reserve	0
Operating Reserve	162,486
Other Excess/Reserves	41,420

**Total Uses 21,576,957 286,547**

# Cash Flow

Period	Months in the Year											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029

<b>Income</b>												
Rental Income	602,120	722,544	736,995	751,725	766,769	782,105	797,747	813,702				
(Vacancy)	(42,148)	(50,578)	(51,580)	(52,621)	(53,674)	(54,747)	(55,842)	(56,957)				
Commercial Rent	7,007	-	-	-	-	-	-	-				
(Vacancy)	-	-	-	-	-	-	-	-				
Other Income	5,341	6,409	6,537	6,668	6,801	6,938	7,076	7,218				
(Vacancy)	-	-	-	-	-	-	-	-				
<b>Net Rental Income</b>	<b>\$ 565,313</b>	<b>\$ 678,375</b>	<b>\$ 691,943</b>	<b>\$ 705,781</b>	<b>\$ 719,897</b>	<b>\$ 734,295</b>	<b>\$ 748,981</b>	<b>\$ 763,961</b>				

<b>Expenses</b>												
Repairs/Maintenance	15,896	19,075	19,647	20,217	20,844	21,469	22,113	22,777				
Total Contract	51,667	62,000	63,860	65,776	67,749	69,782	71,875	74,031				
Total Payroll	75,833	91,000	93,720	96,542	99,438	102,421	105,494	108,659				
Total Office	57,917	69,500	71,585	73,733	75,945	78,223	80,570	82,987				
Total Utilities	57,842	69,410	71,492	73,637	75,846	78,122	80,465	82,879				
Taxes	35,166	42,109	43,465	44,969	46,512	47,996	49,521	51,088				
Insurance	25,433	30,520	31,436	32,379	33,350	34,351	35,381	36,442				
Management Fees	38,150	45,780	47,153	48,553	49,983	51,443	52,933	54,453				
Replacement Reserve	27,610	33,132	33,132	33,132	33,132	33,132	33,132	33,132				
Operating Reserve	-	-	-	-	-	-	-	-				
Agency Fees	-	-	-	-	-	-	-	-				
Total	<b>\$ 385,514</b>	<b>\$ 462,616</b>	<b>\$ 475,501</b>	<b>\$ 487,357</b>	<b>\$ 499,570</b>	<b>\$ 512,148</b>	<b>\$ 525,104</b>	<b>\$ 538,449</b>				

Net Operating Income

\$ 179,799	\$ 215,759	\$ 216,442	\$ 218,424	\$ 220,327	\$ 222,147	\$ 223,977	\$ 225,512					
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<b>Hard Debt</b>	<b>Payment</b>	<b>Rec. Balance</b>										
Permanent mortgage	15,610.57	2,675,000										
Service Fee	-	-	156,106	187,327	187,327	187,327	187,327	187,327	187,327	187,327	187,327	187,327
MIP	-	-	-	-	-	-	-	-	-	-	-	-
Voucher Reserve	-	-	-	-	-	-	-	-	-	-	-	-
DSC in Mortgage	-	-	1.15	1.15	1.16	1.17	1.18	1.19	1.20	1.20	1.20	1.20
DSC All Hard Debt	-	-	1.15	1.15	1.16	1.17	1.18	1.19	1.20	1.20	1.20	1.20
UE Ratio	-	-	1.04	1.04	1.04	1.05	1.05	1.05	1.05	1.05	1.05	1.05

Cash Flow After Hard Debt

\$ 21,693	\$ 21,422	\$ 20,315	\$ 21,097	\$ 22,081	\$ 23,220	\$ 24,520	\$ 25,980	\$ 27,501				
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Cash Flow	Camp Sales									
	8	9	10	11	12	13	14	15		
	2026	2027	2028	2029	2030	2031	2032	2033		
Income										
Residential Rent	829,976	846,575	863,507	880,777	898,393	916,360	934,688	953,381		
(Vacancy)	(58,098)	(39,260)	(60,445)	(61,554)	(62,887)	(64,145)	(65,428)	(66,737)		
Commercial Rent	-	-	-	-	-	-	-	-		
(Vacancy)	-	-	-	-	-	-	-	-		
Other Income	7,362	7,509	7,660	7,813	7,969	8,128	8,291	8,457		
(Vacancy)	-	-	-	-	-	-	-	-		
Net Rental Income	\$ 779,240	\$ 794,825	\$ 810,721	\$ 826,935	\$ 843,474	\$ 860,344	\$ 877,531	\$ 895,102		
Expenses										
Repairs/Maintenance	22,460	24,164	24,889	25,635	26,404	27,196	28,012	28,853		
Total Contract	76,252	78,540	80,896	83,323	85,822	88,397	91,049	93,781		
Total Payroll	111,919	115,276	118,734	122,296	125,965	129,744	133,637	137,646		
Total Office	85,476	88,041	90,682	93,402	96,204	99,090	102,063	105,125		
Total Utilities	83,366	87,937	90,564	93,281	96,080	98,962	101,931	104,989		
Taxes	51,900	53,457	55,061	56,713	58,414	60,166	61,971	63,830		
Insurance	37,536	38,662	39,822	41,016	42,247	43,514	44,820	46,164		
Management Fees	47,153	48,153	49,153	50,153	51,153	52,153	53,153	54,153		
Replacement Reserve	33,132	33,132	33,132	33,132	33,132	33,132	33,132	33,132		
Operating Reserve	-	-	-	-	-	-	-	-		
Agency Fees	-	-	-	-	-	-	-	-		
Total	\$ 551,193	\$ 566,351	\$ 580,933	\$ 595,952	\$ 611,422	\$ 627,356	\$ 643,768	\$ 660,677		
Net Operating Income	\$ 227,046	\$ 228,474	\$ 229,788	\$ 230,983	\$ 232,052	\$ 232,987	\$ 233,762	\$ 234,429		
Hard Debt										
Permanence mortgage	187,327	187,327	187,327	187,327	187,327	187,327	187,327	187,327	1,911,084	
Service Fee	-	-	-	-	-	-	-	-	-	
MAP	-	-	-	-	-	-	-	-	-	
Voucher Reserve	-	-	-	-	-	-	-	-	-	
DSC 1st Mortgage	1.21	1.22	1.23	1.23	1.24	1.24	1.25	0.12		
DSC All Hard Debt	1.21	1.22	1.23	1.23	1.24	1.24	1.25	0.14		
IE Ratio	1.05	1.05	1.06	1.06	1.06	1.06	1.06	0.35		
Cash Flow After Hard Debt	\$ 39,719	\$ 41,147	\$ 42,461	\$ 43,856	\$ 44,725	\$ 45,661	\$ 46,453	\$ 47,666		

Pro Forma	Camp Salute
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### INCOME

Total Potential Residential Rent	\$ 722,544
(Vacancy) 7.0%	\$ (50,580)
Net Rental Income	\$ 671,966
Commercial Rent	\$
(Vacancy) 0.0%	\$
Other Income	\$ 6,409
(Vacancy) 0.0%	\$
<b>TOTAL INCOME</b>	<b>\$ 678,375</b>

### EXPENSES

		Per Unit
Repairs & Maintenance	\$ 19,075	250
Snow Removal Contract	\$ 20,000	262
Trash Removal Contract	\$ 14,000	183
Security Contract	\$ 3,000	39
Grounds contract	\$ 15,000	197
Elevator Contract	\$	
Other Contract - Exterminator, repairs, hvac	\$ 10,000	131
<b>TOTAL Contract Expenses</b>	<b>\$ 61,000</b>	<b>813</b>
Office Payroll	\$ 40,000	524
Maintenance Payroll	\$ 30,000	393
Security Payroll	\$	
Other Payroll	\$	
Payroll Related Expense	\$ 21,000	275
<b>TOTAL Payroll</b>	<b>\$ 91,000</b>	<b>1,193</b>
Office & Administrative	\$ 20,000	262
Professional Fees	\$ 12,000	157
Marketing & Leasing	\$ 1,500	20
Social Work - Contract	\$ 36,000	472
Recreation	\$	
Food Service	\$	
<b>TOTAL Office</b>	<b>\$ 69,500</b>	<b>911</b>
<b>Total Controllable</b>	<b>\$ 241,575</b>	<b>3,166</b>
Electricity	\$ 9,000	118
Gas	\$ 7,000	92
Water	\$ 26,705	350
Sewer	\$ 26,705	350
Other Utility	\$	
<b>TOTAL UTILITIES</b>	<b>\$ 69,410</b>	<b>910</b>
Taxes	\$ 42,199	553
Insurance	\$ 30,520	400
Management Fees	\$ 45,780	600
<b>Total Non Controllable Operating Expenses</b>	<b>\$ 187,909</b>	<b>2,463</b>
<b>Total Operating Expenses</b>	<b>\$ 429,484</b>	<b>5,629</b>
<b>Net Operating Income</b>	<b>\$ 248,891</b>	<b>3,262</b>
Replacement Reserve	\$ 33,132	434
Operating Reserve		
HFA Operating Fees		
LIHTC Monitoring Fees		
<b>Cash Flow Available for Debt Service</b>	<b>\$ 215,759</b>	<b>2,828</b>

Exhibit B

Ordinance



**ORDINANCE 9-2017**

**ORDINANCE OF THE BOROUGH OF CLAYTON, COUNTY OF GLOUCESTER,  
STATE OF NEW JERSEY, APPROVING THE APPLICATION AND FINANCIAL  
AGREEMENT FOR BLOCK 1601, LOT 13 ON THE OFFICIAL BOROUGH TAX MAP  
FOR A LONG TERM TAX EXEMPTION**

**WHEREAS**, in order to stimulate redevelopment, the Borough Council of the Borough of Clayton (the "Borough"), pursuant to Resolution No. 126-11, designated, pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), certain properties within the "Delsea Drive (NJSH No. 47) Corridor" as areas in need of rehabilitation and or redevelopment (the "Corridor Area"), including Lot 13 in Block 1601 which is a property in need of rehabilitation (the "Property"); and

**WHEREAS**, pursuant to Ordinance No. 13-2014, the Borough adopted the Redevelopment Plan For Parcels Within the Delsea Drive (NJSH No. 47) Corridor for the Corridor Area, which was amended pursuant to Ordinance No. 7-2015 (as amended, the "Redevelopment Plan"); and

**WHEREAS**, the LRHL provides a process for municipalities to participate in the redevelopment and improvement of areas in need of rehabilitation; and

**WHEREAS**, the LRHL, N.J.S.A. 40A:12A-8(f), authorizes the Borough to arrange or contract with a redeveloper for the planning, construction or undertaking of any project or redevelopment work in an area designated as an area in need of rehabilitation; and

**WHEREAS**, the Borough and Conifer Realty, LLC ("Conifer") have engaged in such negotiations and the Borough Council determined that it was in the best interests of the Borough to enter into a Redevelopment Agreement with Conifer for the Property dated April 9, 2015 (the "Redevelopment Agreement") for the construction of a low and moderate income housing project thereon (the "Project") which shall be completed pursuant to the provisions of the Redevelopment Plan; and

**WHEREAS**, Conifer has, under an Assignment and Assumption Agreement (the "Assignment") dated March 6, 2017, assigned its rights and obligations under the Redevelopment Agreement to Delsea Housing Associates Urban Renewal, LLC ("Redeveloper"), with the consent of the Borough; and

**WHEREAS**, Redeveloper, has assumed and accepted the assignment of all of Conifer's, rights, title, obligations, responsibilities, and interests in, to, and under the Redevelopment Agreement and with respect to the Project; and

**WHEREAS**, Redeveloper has made application (the "Application") to the Borough for a long term exemption and Payment in Lieu of Tax Agreement pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40:20-1 et seq. (the "LTEL"); and

**WHEREAS**, Redeveloper has presented to the Mayor and Borough Council a revenue projection for the Project which sets forth the anticipated revenue to be received by Redeveloper from the operation of the Project, a copy of which is attached hereto as Exhibit A.

**WHEREAS**, the Application provided the Borough Chief Financial Officer and the Borough Auditor with the basis for recommending to the Mayor and Borough Council that the Governing Body authorize the execution of a Financial Agreement; and

**WHEREAS**, based upon the recommendation of the Borough Chief Financial Officer and the Borough Auditor, the Mayor and Borough Council find that the relevant benefits of the redevelopment of the Property outweigh the loss, if any, of property tax revenue in granting the long term tax-exemption; and

**WHEREAS**, the Mayor and Borough Council have determined that the tax exemption provided to the Project pursuant to the Financial Agreement is a significant inducement for the Redeveloper to proceed with the Project and thereby obtaining the redevelopment of the Property; and

**WHEREAS**, pursuant to the Redevelopment Agreement, the Borough and the Redeveloper have agreed to execute a Financial Agreement.

**NOW, THEREFORE, BE IT ORDAINED**, by the Mayor and Borough Council that the Application for Long Term Tax Exemption filed by Delsea Housing Associates Urban Renewal, LLC hereby be granted; and

**BE IT FURTHER ORDAINED** by the Mayor and Borough Council that a financial agreement, substantially in the form attached hereto as Exhibit B, with Delsea Housing Associates Urban Renewal, LLC, in the amount of 6.28%, be approved; and

**BE IT FURTHER ORDAINED** by the Mayor and Borough Council that the Mayor and/or Borough Administrator and the Borough Clerk are hereby authorized to execute the Financial Agreement with Delsea Housing Associates Urban Renewal, LLC.

**BE IT FURTHER ORDAINED**, by the Borough Council that this Ordinance shall take effect in accordance with law.

**BOROUGH OF CLAYTON**



\_\_\_\_\_  
THOMAS BIANCO, Mayor

Attest:



\_\_\_\_\_  
CHRISTINE NEWCOMB, Borough Clerk

**NOTICE OF INTRODUCTION**

**ORDINANCE 9-2017**

**AN ORDINANCE OF THE BOROUGH OF CLAYTON,  
COUNTY OF GLOUCESTER, STATE OF NEW JERSEY,  
APPROVING THE APPLICATION AND FINANCIAL  
AGREEMENT FOR BLOCK 1601, LOT 13 ON THE  
OFFICIAL BOROUGH TAX MAP FOR A LONG TERM  
TAX EXEMPTION**

**TAKE NOTE** that the foregoing ordinance was introduced at a meeting of the Mayor and Council of the Borough of Clayton held on March 9, 2017 and was then read for the first time. The said ordinance will be further considered for final passage by the Mayor and Council at the Municipal Building, 125 N. Delsea Drive, Clayton, New Jersey, at a meeting beginning 6:30 p.m. on March 23, 2017, at which time and place, or any time and place to which such meeting be adjourned, all persons interested will be given an opportunity to be heard concerning such ordinance.

**BY ORDER** of the Mayor and Council of the Borough of Clayton.

Christine Newcomb  
Borough Clerk

**NOTICE OF ADOPTION**

**ORDINANCE 9-2017**

**ORDINANCE OF THE BOROUGH OF CLAYTON,  
COUNTY OF GLOUCESTER, STATE OF NEW JERSEY,  
APPROVING THE APPLICATION AND FINANCIAL  
AGREEMENT FOR BLOCK 1601, LOT 13 ON THE  
OFFICIAL BOROUGH TAX MAP FOR A LONG TERM  
TAX EXEMPTION**

The foregoing Ordinance was finally adopted by the Mayor and Council of the Borough of Clayton on March 23, 2017.

Christine Newcomb  
Borough Clerk

## Exhibit C

### Legal Description of the Property

All that certain lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Clayton, County of Gloucester, State of New Jersey:

BEGINNING at a point on the Easterly line of Delsea Drive, also known as New Jersey State Highway Route #47 (58 feet wide), distant 650.00 feet, at a bearing of South 11 degrees 28 minutes 37 seconds East, from the point of intersection of said Easterly line, with the Southerly line of Louis Drive (50 feet wide), said BEGINNING point being the Southwesterly corner of Lot 7, Block 1601, of said Borough; thence

1. Along the Southerly line of said Lot 7, North 78 degrees 31 minutes 23 seconds East, a distance of 450.00 feet; thence
2. Along the Easterly lines of said Lot 7 and Lots 8, 9, 10 and 12, of said Block, North 11 degrees 28 minutes 37 seconds West, a distance of 450.00 feet; thence
3. Along a Southerly line of said Lot 12, North 78 degrees 31 minutes 23 seconds East, a distance of 667.00 feet; thence
4. Along the Easterly lines of said Lot 12, and Louis Drive (50 feet wide), North 11 degrees 28 minutes 37 seconds West, a distance of 238.56 feet, to a point on the Southwesterly line of Block 1701, of said Borough; thence
5. Along the Southwesterly lines of said Block 1701, and Brown Lane (50 feet wide), South 82 degrees 34 minutes 43 seconds East, a distance of 896.71 feet; thence
6. Along the Easterly line of said Brown Lane, North 28 degrees 10 minutes 37 seconds West, a distance of 458.94 feet, to the Westerly corner of Block 1703, of said Borough; thence
7. Along the Southwesterly line of said Block 1703, South 66 degrees 10 minutes 37 seconds East, a distance of 1193.94 feet to a Northwesterly corner of Block 1904, of said Borough; thence
8. Along the Westerly line of said Block 1904, South 13 degrees 31 minutes 54 seconds East, a distance of 518.81 feet; thence
9. Along the Southwesterly line of said Block 1904, South 29 degrees 47 minutes 32 seconds East, a distance of 112.42 feet to a Northeasterly corner of Block 1505, of said Borough; thence
10. Along the Northerly line of said Block 1505, South 86 degrees 22 minutes 06 seconds West, a distance of 87.72 feet; thence
11. Along the Northwesterly line of said Block 1505, South 72 degrees 02 minutes 21 seconds West, a distance of 520.80 feet to a point on the Northeasterly line of New Street (50 feet wide); thence *570.60'*
12. Along said Northeasterly line, North 17 degrees 57 minutes 39 seconds West, a distance of 50.00 feet; thence
13. Along the Northwesterly lines of New Street and Lot 14, Block 1508 of said Borough, South 72 degrees 02 minutes 21 seconds West, a distance of 50.00 feet; thence

14. Along the Southwesterly line of said Lot 14, South 17 degrees 57 minutes 39 seconds East, a distance of 50.00 feet; thence

15. Along the Northwesterly lines of said Block 1508, Smith Street (50 feet wide), Block 1509, of said Borough and Block 1513, of said Borough, South 72 degrees 02 minutes 21 seconds West, a distance of 1758.89 feet, to the Southeasterly corner of Lot 6, Block 1601, of said Borough; thence

16. Along the boundary of said Lot 6, for the following 7 courses, North 11 degrees 28 minutes 37 seconds West, a distance of 274.85 feet; thence

17. North 78 degrees 31 minutes 23 seconds East, a distance of 392.23 feet; thence

18. North 11 degrees 28 minutes 37 seconds West, a distance of 432.14 feet; thence

19. South 78 degrees 31 minutes 23 seconds West, a distance of 431.60 feet to the point of curvature of a tangent curve, concave to the Southeast, having a radius of 39.00 feet; thence

20. Westerly along said curve, a distance of 61.26 feet; thence

21. South 11 degrees 28 minutes 27 seconds East, a distance of 5.50 feet; thence

22. South 78 degrees 31 minutes 23 seconds West, a distance of 89.30 feet to the Northeasterly corner of Lot 5, of said Borough; thence

23. Along the Northwesterly line of said Lot 5, South 78 degrees 31 minutes 23 seconds West, a distance of 250.00 feet, to a point on the Easterly line of said Delsea Drive; thence

24. Along the Easterly line, North 11 degrees 28 minutes 37 seconds West, a distance of 61.50 feet to the POINT OF BEGINNING.

BEING Lot 13, Block 1601 on Plan of Minor Subdivision for Clayton Providence House, LP, filed in the Gloucester County Clerk's Office.

BEING part of Lot 13, Block 1601 on the Official Tax Map.

TO BE known as Lot 13 Block 1601, on the Tax Map of the Borough of Clayton

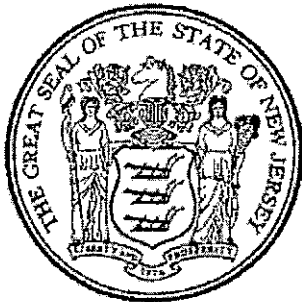
Exhibit D

Formation Documents of Urban Renewal Entity

STATE OF NEW JERSEY  
DEPARTMENT OF TREASURY  
AMENDED CERTIFICATE OF AUTHORITY

DELSEA HOUSING ASSOCIATES URBAN RENEWAL, LLC  
With the Previous or Alternate name  
DELSEA HOUSING ASSOCIATES LLC (Previous Name)

*I, the Treasurer of the State of New Jersey, do hereby certify,  
that the above-named  
New York Foreign Limited Liability Company  
did on the 29th of March, 2016, file and record  
in this department a name change amendment as by the statutes  
of this State required.*



IN TESTIMONY WHEREOF, I have  
hereunto set my hand and  
affixed my Official Seal  
at Trenton, this  
30th day of March, 2016

A handwritten signature in dark ink, appearing to read "Ford M. Scudder".

Certificate Number: 138342249

Verify this certificate online at

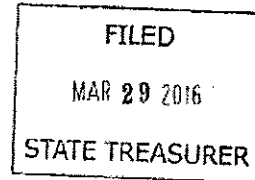
[https://www1.state.nj.us/TYTR\\_StandingCert/DSP/Verify\\_Cert.jsp](https://www1.state.nj.us/TYTR_StandingCert/DSP/Verify_Cert.jsp)

Ford M Scudder  
Acting State Treasurer

CGN

AMENDMENT TO REGISTRATION  
OF FOREIGN LIMITED LIABILITY COMPANY

NEW JERSEY DEPARTMENT OF TREASURY  
DIVISION OF COMMERCIAL RECORDING




Title: 42:2C-1 et seq.

0450002076

1. **Prior Registration:** On July 7, 2015, Delsea Housing Associates, LLC (the "Company") registered to do business in New Jersey as a foreign limited liability company by filing with the New Jersey Department of Treasury, Division of Commercial Recording (the "Division") on that date a Certificate of Registration (the "Certificate"). The Division assigned to the Entity Instrument No. 0450002076.
2. **Change of Name:** The Company has or is about to change its name to Delsea Housing Associates Urban Renewal, LLC with the approval of the New Jersey Department of Community Affairs per the attached letter dated March 17, 2016.
3. **Amendment to Business Name:** Section 1 of the Certificate is amended to state as follows: The business name of the entity is **Delsea Housing Associates Urban Renewal, LLC**.
4. **Amendment to Purpose:** Section 4 of the Certificate is amended to include the provisions attached hereto.

The undersigned represents that the Company has been formed under the laws of the State of New York and continues to exist as an active, valid limited liability company in that State. The undersigned also attests that she is authorized to sign this amendment on behalf of the Company and that this filing complies with New Jersey State law as set forth in N.J.S.A. 42:2C-1 et seq.

  
Susan Sturman Jennings  
Authorized Representative

2808594  
4980561



DELSEA HOUSING ASSOCIATES URBAN RENEWAL, LLC  
ATTACHMENT TO AMENDMENT TO  
REGISTRATION OF FOREIGN LIMITED LIABILITY COMPANY

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

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

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

(c) The entity shall not voluntarily transfer to any other entity more than ten percent (10%) of the ownership of the project owned by it 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, the entity has obtained the consent of the Commissioner of the New Jersey Department of Community Affairs (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 municipal governing body a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the urban renewal entity itself, provided that the transfer, if greater than ten (10%) percent, is disclosed to the municipal governing body in the annual disclosure

statement or in correspondence sent to the municipality in advance of the annual disclosure statement referred to above.

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

(e) Any housing units constructed or acquired by the entity shall be managed subject to the supervision of, and rules adopted by, the Commissioner of the Department of Community Affairs.



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

CHRIS CHRISTIE  
Governor

KIM GUADAGNO  
Lt. Governor

CHARLES A. RICHMAN  
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

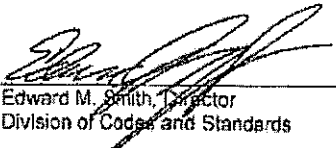
TO: State Treasurer  
RE: DELSEA HOUSING ASSOCIATES URBAN RENEWAL, LLC  
(formerly Delsea Housing Associates LLC)  
File # 1743  
An Urban Renewal Entity

This is to certify that the attached AMENDMENT TO REGISTRATION OF FOREIGN LIMITED LIABILITY COMPANY 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 17<sup>th</sup> day of March 2016 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

BY

  
Edward M. Smith, Director  
Division of Codes and Standards

